

# NATIONAL MUNICIPAL REVIEW

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## Taxes Can Be Collected

THE critical state of municipal finance is not due entirely to the depression. Put the blame where at least much of it belongs: upon civic lethargy and inertia, upon the failure of the so-called best minds of the community to appreciate that keeping local government going is the most important job they have. In communities where such a large proportion of the taxes are delinquent that the local government faces the necessity for defaulting on its debt obligations or abandoning certain local governmental services altogether, the chief factor in the situation is the mental attitude of its citizens toward the local government—not the depression which prevents them from having sufficient funds to meet their tax bills.

This is not to say that there is not a small minority of the population of any community which cannot meet its tax bills or any of its other bills, for that matter. It is to say that the majority of persons in most communities can pay if they will.

Glance at the reports of the telephone company in your own city, or the electric light company, or the gas company. You will find that they are continuing

to do business and that they are collecting their bills. True, they are more lenient in their credit policy and they have lost a percentage of their customers, but they are continuing to do business and to collect sufficient revenue to keep the business running.

Yet from the standpoint of the taxpayer—the same person who is paying telephone bills and electric light bills and gas bills—having water in the faucet and a policeman and a fire truck within call, to say nothing of schools and libraries and prevention of disease and parks and playgrounds—are surely as important as the services he is receiving from his public utilities. This is to make the comparison as gentle as possible. A check-up would certainly show that most delinquent taxpayers continue to run their automobiles and attend the movies and to do a thousand and one other things that cost money but which may be far less essential than keeping the local government going. A check-up would also show that the average citizen is getting a lot for his tax dollar. This interesting comparison from Milwaukee shows that all the city services cost less than the utilities:

## Cost of Municipal Services, Milwaukee, 1931

Type of Service	Total Cost	Per Capita Cost Year	Per Capita Cost Month
1. Education			
(a) public school	\$10,759,017	\$18.16	\$1.51
(b) industrial	1,052,975	1.78	.15
2. Water supply	2,782,278	4.70	.39
3. Police protection (including pension costs)	3,109,447	5.25	.44
4. Fire protection (including pension costs)	2,348,463	3.96	.33
5. Street sanitation	1,750,488	2.95	.25
6. Parks and recreation	1,196,053	2.02	.17
7. Street construction and repair	913,779	1.54	.13
8. Health	814,007	1.37	.11
9. Garbage collection and disposal	465,740	.79	.07
10. Library	502,563	.85	.07
11. Museum	331,500	.56	.05
12. Courts	122,018	.21	.02
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	\$26,148,328	\$44.14	\$3.69

## Costs for Utility Services, Milwaukee, 1931

Type of Service	Total Cost	Per Capita Cost Year	Per Capita Cost Month
1. Electricity	\$11,400,000	\$19.24	\$1.60
2. Transportation (street car and bus)	8,100,000	13.67	1.14
3. Telephone	8,000,000	13.49	1.12
4. Gas	5,400,000	9.11	.75
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	\$32,900,000	\$55.51	\$4.61

Yet, read these remarks of a prominent business executive:

"Not only in New York City but in other cities generally government has become almost a form of racketeering . . . by which the politicians take the taxpayers' money and divide it up in such a form as will be most certain to perpetuate themselves in office."

Or this statement of a prominent insurance man:

"Delayed tax payments are chiefly due to the fact that the average citizen believes his tax dollar to be largely wasted."

Or this comment of a banker:

"Urging citizens to pay taxes would only serve to put off the day of real municipal economy."

The day when the finger could be pointed generally at American cities in connection with the charge of graft and inefficiency has long since passed. It can still be pointed, but must be directed to specific dots on the map. Hundreds of American cities are honestly and efficiently managed today. If others are not, it lies within the power of the local citizenry to see that they are. Nevertheless, any solution for the

problem of tax delinquency must take into account the reaction on the part of many that a slice of the tax dollar is wasted. Taxes can be collected, but this argument must be met and silenced by removing its foundation. Groups attempting to solve the tax delinquency problem need to work in at least four directions:

1. A campaign of education to inform the public as to the value of their municipal services and what is going to happen if taxes are not paid.
2. Pressure through personal interview to be brought upon taxpayers who can pay but have not.
3. Study of the local governmental administration to see how it can be operated with greater efficiency and economy.
4. Mobilization of civic energy and intelligence of the community into a compact group such as a Citizens' Council representing all civic organizations which can translate opinion into action.



## HEADLINES

The city manager plan for Washington D. C.,—this is the rumor on Capitol Hill where gossip has it that President Roosevelt will use his authority under the bill permitting him to reorganize the federal government to appoint a city manager for Washington. Nothing could be more appropriate—or more greatly needed.

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Of course, lower taxes are always possible. In Clay County, Georgia, for example, the *New York Times* reports there are no telephones in the county court house, officers sweep their own offices with brooms made of straw gathered from a nearby field, court terms are limited to two days each, and citizens are maintaining highways by volunteer effort.

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The question to whether there shall be a commission to draft a new charter for New York City will be submitted to the voters at the general election next fall, under the provisions of a local law passed by the New York municipal assembly. The commission would consist of seventeen members to be appointed by the mayor. Tammany's "new charter" might be interesting, but unlikely an improvement.

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The Democratic party in Michigan has endorsed proportional representation as a method of electing members of the state legislature. A constitutional amendment introduced with party backing failed merely because a few suspicious members thought it had to do with "reapportionment." But it may pass at the next session. When self-interest marries reform, they frequently both prosper!

\* \* \*

County consolidation is now possible in Minnesota as a result of a constructive economy measure passed by the legislature. A petition of not less than 25 per cent of the voters in each county in a proposed consolidation will place the proposition on the ballot at the next general election. A 60 per cent vote in favor of consolidation brings it about.

\* \* \*

The question is frequently asked, are municipal surveys worth their cost? City Manager Carr of Oakland, California, recently had a survey made of positions and salaries, discovered many instances of persons doing identical work but receiving widely different salaries, and saved \$158,000 in pay-roll as a result.

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"Dear Bill: These boys are against the city manager plan and have agreed to work all day if furnished with gas and oil. Take care of them and we will get together later and make it up." This letter, signed by the mayor of Hackensack, N. J., created quite a furor when published in the local press the day before the election at which Hackensack voted to adopt the plan. In the words of Ambrose J. Weems, "You can't fool some of the people some of the time."

# Organizing To Save Our Communities

Citizens' councils  
needed to stem tide  
of hysterical slashing  
of services

THOMAS H. REED

*Chairman of the Committee on Citizens' Councils for Constructive Economy*

**F**ORTY-FIVE state legislatures have just been economical for the first time in a generation, some of them reducing their budgets by 25 to 30 percent. Cities, counties, and school districts have

In a series of fifteen broadcasts over the N B C network, beginning June 20 and ending September 26, some of the most outstanding national authorities in the field of government will speak on various aspects of the problem of constructive economy in government and the way in which citizens' councils can tackle the problem in their own communities. The program has been arranged by the Committee on Citizens' Councils for Constructive Economy of the National Municipal League in coöperation with the National Advisory Council on Radio in Education and the American Political Science Association as a part of the "You and Your Government" series.

These radio talks will be published in the NATIONAL MUNICIPAL REVIEW, the first of the addresses appearing in this issue. Through this series will be presented the facts about economy and how it may be brought about without destroying essential services. Groups of experts in the fields of education, public health, recreation, public works, welfare, and planning will present in informal round table discussions many specific suggestions. You will not only want to listen in but will wish copies of the series for your files. Turn to page 306 for the program of the next six broadcasts.

been rapidly decreasing their expenditures except for unemployment relief, for the past three years. The cry for economy has been loud in the land and it has been answered. Shall we rejoice, or have state and local governments like most repentant sinners displayed more zeal than discretion? Have they been wise, or penny wise and pound foolish? In truth we are in danger of being as reckless in retrenchment as we were in spending. We are cutting our budgets in the same slap-dash haphazard way in which we built them up to the swollen proportions of 1929. We had a mad orgy of extravagance and are following it with equally hysterical economizing.

It has been said that the depression made us tax conscious. The pain of it has in some cases brought on delirium. No one can blame the taxpayer for wanting to see his burdens reduced. The big taxpayer no longer knows where his next million is coming from, the small taxpayer is sometimes uncertain about his next meal. But their natural reactions to depressions have been seized upon by the latest type of demagogue—the tax reduction demagogue—who preaches tax reduction regardless of where the cuts in expenditures are to be made. When forced to select objects for economy he makes his attack on the educational and social services as those least strongly entrenched in poli-

tics. He organizes the taxpayers, not for the purpose of finding the facts and passing reasonable judgments on them—of such taxpayer organizations there can never be too many—but into fighting groups which without understanding, knowledge, or investigation wield the big stick on public authorities. Hence hysteria in the public mind, in legislative halls, and council chambers.

#### EFFECTS OF "ECONOMANIA"

School terms have been cut short, teachers discharged, libraries closed, public health service curtailed, playgrounds abandoned, necessary public works suspended, crime prevention work crippled—not everywhere, of course, but frequently enough to indicate the danger, and almost everywhere these cultural and social services have suffered disproportionately to the more strictly political branches of government.

Nowhere has any serious attempt been made to arrive at the relative values of services so that the least valuable could be eliminated first. Almost nowhere has anything practical been done to reduce the absurd number of units of local government. In only a few states has any progress been made in simplifying the organization of state and local government, or in the introduction of sound business practices in budgeting, accounting, and purchasing. Little has been done to check the spoils system which raises the cost of government by filling public offices with incompetents. In other words constructive economy has been neglected for indiscriminate tax reduction, and the joke of it is that while in most states the general property levy has been reduced, new forms of taxes or substantial increases in the rates of old taxes have been enacted in at least thirty-five states. The achievement of permanent improvement in government practices seems as far off as ever. Hence the organization of the

Committee on Citizens' Councils for Constructive Economy.

Representatives of fifty-nine national organizations in the field of education and social service united to sponsor the movement for Citizens' Councils for Constructive Economy in government in the belief that the cultural and social services of government were threatened by indiscriminate economizing. Its promoters fully recognized that economizing was necessary, that reductions even in the current budgets of the social and cultural services in many instances must be faced as inevitable. No state, city, county, or school district can spend more than its taxpayers can pay within a reasonable period. Nor in these times should any unit of government be asked to support anything but essential services.

#### TWO LEGS TO STAND ON

The Committee on Citizens' Councils therefore stands for economy—every economy possible without the sacrifice of essentials in the various services of government. But it stands with equal earnestness for the principle that waste and extravagance should be removed as far as possible from the mechanism of government before cuts in service are considered, and for the principle that all economy should proceed from a careful study of all the pertinent financial and administrative facts.

This committee proposes to encourage the development of a Citizens' Council for Constructive Economy in every sizeable community in the United States. These Councils will be made up of representatives of the organizations interested in the promotion of the cultural and social services, and other civic groups. Organizations formed primarily for tax reduction will be invited to cooperate provided they are willing to join in an effort to learn the facts before jumping to conclusions. Other public officials and interested citizens will be

enlisted. The Citizens' Council once formed will begin by finding the facts for its locality, either directly by the work of its members, by enlisting the help of the accounting staffs of business houses and other organizations, or in the case of large communities by employing the necessary help. The Committee on Citizens' Councils for Constructive Economy, with offices at the National Municipal League, will help with advice, with literature and by supplying as far as may be the best technical standards by which the facts found by the Citizens' Councils can be measured and interpreted. If you are interested in forming a Citizens' Council communicate with the Committee on Citizens' Councils of the National Municipal League.

Do you want your schools open, your parks in use, your libraries continued, public health adequately protected, the unfortunate cared for? Do you realize what it would mean to the future of your community if even those additional students who seek to go to school in a depression were allowed to roam the streets; how disastrous it would be if all the children were locked out of school? Do you dare to think of the ravages of disease which may follow a let-down in public health service? Do you want your community to waste its slim resources on constructing streets in the wrong places and all the other mistakes which the absence of planning brings about? Of course you do not.

And all these cultural and social services can be protected if we can only induce our governing authorities to base retrenchment on a sane consideration of the facts and the possibilities of saving by governmental reorganization and the use of business methods. We know we have too many small units of government—townships, and school districts—even too many counties. We know that a simplified structure for state, city, and county government in which full executive responsibility is vested in one per-

son can do much to promote efficiency—economy with better service—because in enforcing responsibility to the people for government it is best to put our eggs in one basket and watch the basket. We know that business methods of budgeting, accounting, and purchasing can save a large slice of the taxpayer's dollar without reducing service a penny's worth. We know that a good merit system of appointment to public office can put honest and efficient workers in the place of lazy wasters. All these things were known long before the depression. They have been tried often enough to demonstrate their workability. Let states, cities, counties, and school districts try them before they begin denying the people the service to which they are accustomed.

#### FACTS OF THE DEPRESSION

We know some other interesting facts too—new facts of the depression period and newly discovered. We have heard a great deal about the unhappy lot of the delinquent taxpayer—usually depicted as a small home owner without a job and likely to lose his little all if tax penalties are enforced. Half our state legislatures have passed laws to help save them their homes. The fact of the matter is, however, certainly in cities, that while delinquent taxpayers of this class are very numerous, the greater part of the taxes now delinquent are owed by a few relatively large taxpayers. In Dayton, a Citizens' Council discovered that 40 per cent of a total of \$12,000,000 of delinquent taxes was owed by five hundred individuals. The remedy suggested itself. A committee was appointed to wait on these large taxpayers and induce them to pay—and they are paying.

Everyone respects the plight of the small home owner and no one would grudge him any extension of time new laws may give him. But the large property owner who simply prefers to

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# Constructive versus Destructive Economy

The future depends upon preservation of public services and present social values; dramatic drop in income, not jump in cost of government, caused the trouble

GLENN FRANK

*President, University of Wisconsin*

THAT it is necessary for public institutions as well as private individuals to tighten their belts in lean years is an axiom that may be accepted without argument. I have broken my lance as often as any other American against waste, inefficiency, and the retention of public services that are manifestly obsolete. I lifted my voice and lent my pen in behalf of such economy when the economic skies were bright and the bloated statistics of our paper prosperity tempted private individuals and public institutions alike to a reckless prodigality. I think, therefore, that I have earned the right now, when the economic skies are dark and the stern fact of a depleted national income confronts us, to speak of the national danger that lies coiled at the heart of any economy that is not directed by a statesmanlike sense of relative values.

The necessity for economy is indisputable. The nature of economy is debatable. The form of economy may make the fact of economy either a national asset or a national liability.

There are certain basic considerations that I think the voting millions will do well to ponder if they want to keep clear the distinction between constructive and destructive economy, if they want to promote the kind of economy that will renew and prevent the kind of economy that will ruin the American social order.

## PUBLIC INCOME SHOOTS THE CHUTE

*Consideration number one:* The staggering deficits that have confronted local, state, and national governments since the collapse of 1929 have been due less to the rise in the cost of public services than to the drop in the public income.

In 1928 approximately 11 per cent of the national income went into taxes to conduct the enterprises and carry the obligations of government. In 1932 some 33 per cent of the national income went into taxes to conduct the enterprises and carry the obligations of government.

There are those who seemingly would have us believe that this dramatic rise of the tax draft on national income from 11 per cent to 33 per cent in four years was due solely to an unintelligent and unjustified, a wasteful and worthless, development of public services. The man in the street, hearing of this rise in the tax draft on national income from 11 per cent to 33 per cent in four years, is all too likely to think that the cost of public services has trebled in that time. Obviously this is not true. Had the national income remained steady at the 1928 level, the tax draft on national income for last year would have been not more than 18 per cent instead of 33 per cent, even if all the extraordinary expenditures in

duced by the depression had been in the picture. The factor that lifted the tax draft on national income from 11 per cent to 33 per cent in four years was the dramatic drop in the national income due to the economic muddling that landed us in the depression.

#### BUSINESS LEADERS ON DEFENSIVE

I am quite aware that this does not remove the stubborn fact that a 33 per cent tax draft on national income is a serious matter with which statesmanship must wrestle. It does suggest, however, that the blame for the large proportion of the national income that last year went into taxes cannot justly be placed upon the shoulders of social leadership, but must, to a very material degree, be placed squarely upon the shoulders of the economic leadership that proved incapable of steering our economic ship past the shoals of depression.

And now this very leadership that has done so much to unbalance the nation's life seems willing, with heartening exceptions, to balance the nation's budgets even if the balancing involves the wrecking of all those scientific, social, and educational enterprises to which alone we can look to produce a leadership for the future that will be less inept, a leadership that might conceivably use this magnificent machine economy of ours to free the race from drudgery, poverty, and insecurity instead of letting us starve in a world of too much food and go workless in a world with a million undone tasks, suffering all the perils of scarcity in an age of plenty.

If the rank and file of Americans once see this obvious fact—that the undue amount of the national income that went into taxes last year was not because the cost of public services skyrocketed to a new high level, but because the national income nose-dived to a new low level—they will not be hoodwinked by

the sinister attempt that has been made to make social leadership the scapegoat for the sins of economic leadership.

This consideration is basic, if we are to administer economy constructively instead of destructively, because, unless we know whom to blame for our budgetary dilemmas, the very forces that are most to blame will go on branding even the most self-sacrificing public servants as bureaucrats, pay-rollers, tax-eaters, hogs at the public trough, and equally lovely designations. And this sort of propaganda, unless an enlightened people stamps it out, will divert men of capacity and self-respect from the public service for a generation to come. And it will be our children who will have to pay for our having permitted the public service thus to be denuded of worthy servants.

#### SERVICES ESSENTIAL TO CIVILIZATION

*Consideration number two:* The public services of government, for all the criticisms that may legitimately be leveled against them, are, by and large, the things that give to American civilization such stability and meaning as it has in this singularly unstable and doubtful time.

There is undoubtedly waste, duplication, and instances of the obsolete in public service. It is the business of statesmanship ruthlessly to discover and ruthlessly to do away with such wasteful, duplicating, and obsolete services. But great statesmanship will perform these surgical operations upon government without joining the blind reductionists who in pleading for the elimination of waste, are throwing public suspicion upon the whole public service.

In a late issue of *Scribner's Magazine*, the clear-headed Charles A. Beard painted a vivid picture of what would happen if the so-called "bureaucracy" should quit functioning for even one day.

## IF GOVERNMENT STOPPED

Water would cease to flow from faucets. Sewer pumps would stop. Guides to navigation on the seas and in the air would be cut off. Epidemics would spread with death-dealing swiftness. Millions of school children would roam the streets. Criminals and lunatics would break from their cells. Thousands of sick in hospitals would go uncared for. Publicly operated charities would close. There would be no bureau of mines or coast guard service or supervision of airways to protect lives on land and sea and in air. There would be no forest service to conserve and guard the national forest domain. American agriculture would have its access to modern science blocked and the American farmer would have to begin the trek back to the days of rule of thumb. There would be no public health service. There would be no fire departments to protect property. There would be no Reed Commissions to block the advance of yellow fever with the human sacrifice of their own bodies.

It behooves us to think twice before we throw our hats in the air every time a flippant cartoonist depicts public servants as swilling swine at the public trough. We shall do well to examine carefully the ax many forces want to swing at public services in order to be sure that it is not a private ax waiting to be ground.

History may well look back upon men who, in the midst of this economic crisis, lost their heads in a lurid onslaught against public services as the real anarchists, although many of them come from the ranks of the most conservative men of the time.

## LET PROSPERITY CARRY DEPRESSION

*Consideration number three:* It is not sound statesmanship to make the basic services of a civilization wholly dependent upon the current income of a period of depression.

A pay-as-you-go policy doubtless serves a good purpose in times of prosperity in that it prevents communities, states, and nations from plunging recklessly into debt. On the other hand, it ties the hands of statesmanship in times of depression in that it prevents government from spreading the load of depression out over prosperous periods

The intelligent policy of public finance would seem to be to lower taxes and increase indebtedness during depression and, in periods of prosperity, to raise taxes and retire indebtedness. But this is impossible under a pay-as-you-go policy. It is, therefore, the business of statesmanship to devise ways and means of making the periods of prosperity carry part of the load of the periods of depression. Only so can we prevent transient depression from working permanent injury to basic public services that have been patiently perfected over the years.

And now I end my argument with a repeated plea that we administer the economy the times compel with a statesmanlike sense of relative values.

## NEEDED: A SENSE OF VALUES

On the Acropolis in Athens are the ruins of a lovely little temple dedicated to the Wingless Victory. The lore of later days has it that the sculptor chiselled this symbol of Victory without wings to express the hope of the Athenians that victory would never again fly from their city. The victory it celebrated is now forgotten of men, unless antiquarians have salvaged its story. And the temple is now a scarred ruin. But its mute existence leads me to ask what victories of ancient Greece have stayed and what have been snatched away? And it needs no new research to frame the answer.

The victories of Greece and of its empire that were victories of sheer force, physical and political, notable as they

were at the time, have gone from the minds of all save the historians. But the victories won by those Greeks who were intellectual pathfinders, the philosophers and poets and dramatists who expressed the Greek passion for truth and beauty and goodness, these victories have been wingless, they have never left Greece. The Greeks who dealt in deathless values themselves became deathless, and their legacy still survives to water the parched roots of the world's conscience and the world's culture.

History has made a revaluation of values in Athens. The transient values of force, the power of organized interests concerned with material conquests, won in the court of the time, but they have lost in the court of history. The permanent values of the spirit have won a delayed but decisive judgment. It has always been so! It is so now! It will be so for all time! But man is a stubborn and singularly obtuse animal. He declines to listen to the record. He persists in pursuing victories that will surely fly from him once he wins them. And he spends his life in quest of achievements that he should know will turn to ashes in his mouth.

This is a parable for statesmen of the world in general and of the United States in particular whether the day's work sets for them the task of balancing a budget or reconstructing an economic order. In the midst of fiscal difficulties and economic dilemmas we must keep our attention tethered to those deathless values that make a civilization great. We must play for wingless victories. And wingless victories can be won in the midst of a nation-wide retrenchment only if economy is administered constructively.

## ORGANIZING TO SAVE OUR COMMUNITIES

(Continued from Page 312)

force a loan from the community of the amount of his taxes is entitled to no sympathy whatever, and should not be allowed to hide behind the laws passed to save the poor home owner. One state legislature this year passed a law allowing four years to pay delinquent taxes with only a 3 per cent penalty. Of course, all tax payments practically ceased at once. Certainly we should not declare any community bankrupt and start to close its schools and board up its libraries, stop cleaning its streets, and discharge its probation officers, until we have made an honest effort to collect the taxes that are collectible. An energetic tax collector who regarded himself as a collector and not as a mere depository could accomplish wonders in these days. Public opinion aroused by a frank statement of the facts and judiciously directed by a Citizens' Council can save many a city from unnecessary suicide by investigating the delinquent tax situation and causing those who can to pay.

We must not forget that the beginnings of a new prosperity are here! Not a prosperity to be abused as we did the last, but whose near approach simplifies the problem of financing government. If we knew the depression was to last fifty years we would be forced to retrench far more drastically than if normal conditions are about to return. Our situation is no longer so desperate that we need to think of abandoning any of the essentials of civilized life. We can save ourselves by a policy of constructive economy and to that the movement for Citizens' Councils is dedicated.

Columbia University  
Harvard College  
The Yalda Library  
No hope of cutting  
state costs as federal  
budget was trimmed,  
in opinion of author-  
ity

## Saving Money in State Government

A. N. HOLCOMBE

Harvard University, Cambridge

THE great reductions in public expenditures which have been recently made, or planned, by the federal government suggest the question whether similar savings might not be accomplished by the governments of the states. The federal government did not succeed in reducing its budget without an heroic effort. Would not a similar effort by the state governments produce similar results?

At the outset it should be stated positively that there can be no doubt about the possibility of saving money in state government. The practice of more rigid economy will always save some money in any government, and greater efficiency than has yet been secured can certainly be brought about in the governments of all states. Everywhere there must be some salaries which can be further reduced, if necessary, and some services which can be further curtailed. But in most states such savings cannot be very extensive. Rigid economies have already been introduced and further efficiency cannot be secured without extraordinary effort. There is no ground for believing that the state governments, even if they should make an effort like that which has been made this spring at Washington, could reduce their budgets by anything like the same amount that has been, or will perhaps eventually be, cut out of the federal budget. There are several reasons for

expecting much less in the way of reducing the cost of government from the governments of the states than from the federal government.

The first is, that the governments at the state capitals spend very much less money than the government at Washington. A few years ago, before the great depression brought the present necessity for economy, the federal government was spending money at the rate of between thirty-four and thirty-five dollars a year for every man, woman, and child in the country. At the same time the combined expenditures of all the forty-eight states amounted to a little less than fourteen dollars per capita. Even if the state governments could reduce their expenses in the same proportion as the federal government the amount of saving would be only three-fifths as much as that of the federal government.

### NO COMPARISON WITH FEDERAL BUDGET

But it would be unreasonable to expect the state governments to reduce their expenditures in the same proportion as the federal government. There is no single item in the budgets of the states like the appropriations in recent years in the federal budget for the relief of World War veterans, which can be slashed as the compensation payable to veterans was slashed under President Roosevelt's Economy Act last March. At the present time the state govern-

ments are spending a good deal of money for relief of the unemployed, but in the good times before the depression there were no relief payments by state governments, either to veterans or to others with a claim upon public bounty, from which substantial savings in bad times could be made. The possibility of any such spectacular reduction in the cost of state government, as has been brought about at Washington at the expense of the veterans, simply does not exist.

Nor is there any object of expenditure in state government that offers such promise of further savings as the federal expenditures for military and naval purposes. It is well known that a large part of the cost of the federal government is due to war, past or prospective. In 1928 over 80 per cent of the gross expenditures of the federal government, exclusive of postal expenditures defrayed from postal revenues, were made on account of war. If interest charges on the public debt and amounts spent for the redemption of war bonds be also excluded, two-thirds of all the net operating expenses of the federal government were accounted for by war. If the chances of another war could be diminished by the adoption of sound peace treaties, further great savings could be made in federal expenditures. In fact, considerable reductions have been brought about in recent years by the limitation of armaments, and there is no doubt that further savings could be made in the cost of preparation for war, if the world could be better organized for peace. But no such saving is possible in the expenditures of the state governments.

#### STATE EXPENDITURES CANNOT BE DRAS- TICALLY CUT

The expenditures of the state and local governments have always been chiefly for the purposes of peace. In recent years, at least before the depres-

sion created the urgent need of special payments for the relief of the unemployed, about one-third of the net operating expenses of state and local government went for education, between one-quarter and one-fifth went for roads, and about one-seventh of the total went for social welfare purposes. Thus the state governments are in a very different situation from that of the federal government. Less than 1 per cent of the net operating expenses of the federal government went for education, less than 5 per cent for roads, and only about 2½ per cent went for social welfare purposes. Altogether the federal government used for these three purposes less than 8 per cent of the money accounted for by its net operating expenses, while the state governments used over 70 per cent of their money for such purposes. It is clear that there is no possibility of any such reduction in the expenses of state government as has been brought about in the expenses of the federal government by cutting the cost of war. Doubtless in the good times there was some extravagance in the management of schools and in the building of roads, but education has to go on in bad times as well as in good, and the roads must be kept open whether business is active or slow. Moreover, the expenditures for social welfare purposes have to be increased rather than reduced in bad times. In short, governmental expenditures for the purposes of peace do not admit of any great curtailment in time of depression.

It may be said that the state governments used to spend much less money than they have spent in recent years and that surely some of the increase is unnecessary. It is certainly true that state government was formerly much cheaper than it is now. Twenty years ago the state governments were spending less than four dollars per capita instead of as recently nearly fourteen dollars per capita. In 1903 they spent only

about two dollars and a quarter per capita and in 1890 less than one dollar and a quarter per capita. The rate of increase in state expenditures has been greater than the rate of increase in federal expenditures, and there has been no such growth of war activities as has accounted for most of the increase in the cost of the federal government. But no one supposes that this growth in the cost of state government is the consequence of growing extravagance in the government of the states. On the contrary, all the evidence at hand shows that state governments are conducted more economically and efficiently now than a generation ago. State governments spend more money now than formerly, because our people demand more of their governments. We live in a progressive age, and the services rendered by our governments must advance with the times. We will not go back to the days when a high school education was a luxury for the favored few, and roads were so poor that automobiling was a hazardous battle with ruts and mud. The social welfare activities which the state and local governments have assumed in response to a quickened social conscience and a keener sense of obligation to the unfortunate cannot be drastically cut down, when the needs of the unfortunate have become more urgent than usual. Further argument on this point seems unnecessary.

#### CAREFUL BUDGETING ESSENTIAL

What can reasonably be expected of the state governments is the utmost care in the use of the money at their disposal. Economy and efficiency, like liberty, is purchasable only by eternal vigilance. If no spectacular savings can wisely be made in the cost of state gov-

ernment, little economies are possible in many different items of the state budgets. Greater efficiency is always possible by the practice of unremitting care in the management of public affairs. Such savings are undramatic and perhaps unappreciated by a heedless public. They are also very difficult of accomplishment unless state governments adopt the most businesslike methods of administration. The temptation for politicians from whom large savings are demanded by an impatient public is to seek big reductions in the big items of the budget. In many states the appropriations for education and roads have been ruthlessly slashed this winter. This is a shortsighted policy. The states which have made the best showing for economy and efficiency in recent years are those which had adopted before the great depression the most modern forms of administrative organization and which had established the soundest administrative practices. There are half a dozen states which made superior records for economy and efficiency in the years before the depression, because they had set up superior administrative systems. These are the states which have also met the problems of the depression most effectively. They are in all sections of the country, north, south, east, and west. Among them is the state of Massachusetts. There is nothing spectacular about the battle for economy and efficiency in this state. But the results are impressive, and the methods are such as might be followed in other states. What these methods are, and what results might be expected from their adoption in other states, where similar methods are not already employed, will be explained by the best of all authorities, the governor of the state himself.

# How Massachusetts Has Kept Her Costs Low

Ratio of increase in expenditures since the war less than any other state in the Union, declares governor

JOSEPH B. ELY

*Governor, State of Massachusetts*

IN 1917, Massachusetts finding in common with other states that the cost of government was mounting beyond reasonable bounds, set to work to put her house in order. Five years later the Commission on Administration and Finance was established. It is the business management office of the Commonwealth, composed of a budget commissioner in direct charge of all budget detail, a purchasing agent in direct charge of substantially all state purchases, a comptroller in charge of accounting and auditing, and a chairman with supervision over the functions of each. The state's business is run on an executive budget. On October 15 of each year the heads of all state departments submit to the budget commissioner requests for the amount of money which they deem necessary to carry on their statutory duties. Each request is based on the experience of previous years, plus the new needs of their respective departments. The requests are carefully analyzed by the budget commissioner who divides the essentials from what might be called the desirables, and a draft of the budget is made and submitted to the governor who, in turn goes over each item. As the amount of the budget is directly reflected in the state tax, the responsibility rests upon the governor to keep his budget within bounds. Once determined upon by the governor, the budget is submitted to the legislature for ap-

roval. The legislature may cut down any item or add new items, but is subject to the governor's veto or recommendation. Such is the method of budget making by the chief executive of the state.

## CUTTING UP THE PIE

Perhaps you would like to know for what purposes we spend our money. Imagine a large round apple pie, and then imagine the pie cut into pieces of different sizes. A 40 per cent piece goes for welfare purposes including soldiers' relief, mental diseases, hospitals, and correction. A 26 per cent piece goes into public works—roads, bridges and waterways. A 12 per cent piece goes into education. And the remaining 22 per cent piece is divided as follows: 3.1 per cent for the general administration of the state's business; 1.4 per cent for the legislative department; 2.4 per cent for the judiciary; 2.6 per cent for agriculture and conservation; 3.0 per cent for labor and industries, industrial accidents, public safety; 3.6 per cent for corporations and taxation, banking and insurance, and public utilities; 2.5 per cent for military affairs; 1.5 per cent for interest on debt; and .5 per cent for all other activities.

These pieces of pie have been somewhat changed in the last few years. In 1932, public works was 36.84 per cent and welfare 33.76 per cent. This year welfare is 40 per cent and public works is 26 per cent.

Now, when the budget is enacted into law each department runs its own affairs under the supervision of the executive department including the Commission on Administration and Finance, but each department finds its appropriation for particular purposes carefully specified.

#### CENTRAL PURCHASING SAVES

The purchasing bureau, under the purchasing agent has also resulted in large savings in the administration of state government. This central bureau, by careful study of market conditions is able to buy the common necessities, such as coal, flour, and the like under long-term contracts, with the advantage of mass buying. These are the reasons why the citizens of Massachusetts take pride in the fact that although the cost of government has increased since the war, the ratio of increase in Massachusetts is the lowest of any of the forty-eight states.

Part of the duty of budget making is an estimate of the revenues to be expected for appropriation. After the revenue from all sources has been finally estimated, any balance needed to meet expenditures is covered by a state tax, to be collected by the cities and towns, and it falls largely upon real estate. From 1930 to 1933 there has been a drop in revenue of one-third. In 1930 the state's revenue, apart from the state tax was \$36,000,000. In 1933 it will be not in excess of \$25,000,000. On the other hand welfare expenditures have nearly doubled, rising from \$5,000,000 in 1929 to \$9,500,000 in 1933. These figures do not include welfare payments of municipalities.

Before the war and since, most states have borrowed for everything in the way of permanent improvements. Massachusetts discovered in 1916 that this practice resulted in placing a heavy per capita load upon her citizens and she

gave it up. Since that time we have endeavored to put as much as possible of each year's expenditures into the tax levy of that year. As a result of this procedure, the net direct debt of the Commonwealth has been reduced from \$40,000,000 to \$12,000,000. The largest item of expense by the state is its welfare work divided into four main divisions of mental diseases, correction, hospitalization, and public welfare. It is interesting to note that we have 18,245 insane inmates for whom we provide institutional care, 1,385 cases of epilepsy, and 4,780 feeble-minded patients. We have 5,393 inmates in our correctional institutions, 1,344 inmates in our tuberculosis and cancer hospitals, and 4,678 inmates under public welfare. This makes a total of 35,825 men, women, and children under the direct care and supervision in institutions of the state government.

I have given you in considerable detail the operation of the Massachusetts state government in order that you may understand the care with which it has been administered over a long period of years. The state has been as free from extravagance, I believe, as any state in the Union. This fact has increased the difficulty of reducing its expenditures. And yet, the revenue appropriation forecast for 1933 of \$57,000,000 is \$8,500,000 less than the peak appropriations of 1930 from current revenue of \$65,500,000,—a reduction in two years of expenditures from current revenue of approximately 12 per cent. This has been possible because we know where our money goes and have a budget itemized to such an extent that it is possible to put the finger on the weak spots. Massachusetts has also reduced the pay of all her officials and employees, including the governor, whose salary was reduced this year, with his consent, from \$10,000 to approximately \$8,500.

## FURTHER REDUCTION IMPRACTICABLE

Further reduction in the expenditures of this state could only be accomplished by the elimination of functions which have been assumed by the government over a long period of years and the elimination of various units. You will realize how difficult it is to eliminate the responsibility of a unit of government for any function which it has once assumed. For example, Massachusetts for years has operated seven teachers' colleges, formerly called normal schools. I think that we could now do equally good work with a less number of such schools but the choice of the school to eliminate results in political turmoil which it seems impossible to overcome and, therefore, no school is eliminated. It is impossible to administer a state strictly as a business. Political considerations are human and must be recognized as making cold analysis of the business of government impossible. On the other hand, these same considerations make the government humane and reasonably responsible to the desires of the people. Further economies in Massachusetts are not reasonably to be expected in any substantial amount unless a violent concentration of public opinion should demand the elimination of some function which the government has now assumed.

There is one thing, however, which Massachusetts has never done. It has never looked to the federal government to furnish it with revenue. We in Massachusetts have never acquired either the art or the habit of carrying our troubles to the President or to the Congress. Nor do we propose to do so, even though today we pay a far larger percentage of the tax moneys which support the federal government than we could hope by any urgent prayer to receive from that government. We still cling to the theory that Massachusetts is a sovereign state responsible to herself alone for the exercise of her sovereign rights and for herself alone in the payment of her contracted obligations. If this theory were more closely observed elsewhere, the expenditures of the federal government would be less and the tax burden of the citizens would be less. And, it may not be a bad time to say that even in these times, where borrowing from the federal funds may be a necessity, that such borrowings should be on the sound assumption that they will be repaid into the federal treasury by the borrowing state. No other principle can safely protect the resources of the federal government and the equality of states or bring to any particular state a proper regard of its own position as a member of the Federal Union.



# The Crisis in Government Economy

ALBERT C. RITCHIE

Citizens demand that education, health, welfare, and other services be maintained, but economical administration is necessary

*Governor, State of Maryland*

IN THE midst of the rapid and far-reaching changes that are being wrought in our federal structure, there is at least one old-fashioned governmental virtue for which the demand is stronger and more insistent than it ever was. This is the virtue of governmental economy, and everywhere the demand is that the cost of government be reduced to the lowest practicable point.

It is true that this demand is of no recent origin. Through all history great political battles have been fought over tax questions. That is because those questions have a fundamental bearing on the form and principles and sense of justice of government itself. We who know what the British policy of Colonial taxation without Colonial representation did to bring about American independence, do not have to be told this.

It is curious how indifferent or how ignorant people have been in regard to government appropriations. It seems almost as if they thought government funds come like meteors from the sky, or that there is some sort of mystic or magical art which produces them.

The truth, of course, is that the government, whether national, state, or local, can spend nothing it does not collect, and everything it does collect comes from the people. In some cases the people pay directly, in others indirectly, but always they pay. Every dollar any

government spends is taken from the pockets of its own people.

Now there are few people these days who have more dollars in their pockets than their own needs require. Most of us have not that many. So if any government, federal, state, or local, is taking dollars from the people that are not really necessary to run the government, the people ought to know it and stop it. This saving might make the difference between want and sufficiency.

## INCOME DOWN, COST UP

I wonder how many people realize what it is costing them to run the governments under which they live. In 1913, only twenty years ago, the combined income and earnings of the American people were thirty-four billion dollars, and of that amount governmental expenditures took three billions, or less than 9 per cent.

I have not the figures for last year, but in 1931 the combined income and earnings of the American people were seventy billion dollars, of which amount governmental expenditures took fourteen billions, or 20 per cent.

If economy in government has been more often honored in the breach than in the observance, the depression has made the American people "tax conscious" at last. They came to see taxes as one of their heaviest burdens, and one they could no longer bear. This

in turn reacted on state and local governments, whose treasuries became depleted.

The situation was made infinitely worse by the necessity for unemployment relief. Public drives and appeals were increasingly difficult. Almost everywhere the next one did not yield as much as the last one yielded. So the burden had to be taken up by the cities and counties, and then by the states, and this called for additional appropriations and added still more to state and local taxes. Soon the demands got too large for current appropriations, so relief bonds were issued, and the impairment of public credit has often made it impossible to market these bonds.

While a very considerable part of the increased expenses of state and local governments is due to natural growth and development, and to necessities like unemployment relief, another very considerable part is undoubtedly due to new and to rapidly expanding governmental activities. As Merle Thorpe, editor of *Nation's Business*, said some time ago, "taxes mean activities." So if we would reduce taxes we must think more in terms of the activities of government, and of those which can intelligently be cut down or out, and more especially we must think in terms of those activities which can be reduced or eliminated without impairing useful or necessary public service, and those which cannot.

When you do that, the real difficulties begin.

#### BUT WHAT IS "NON-ESSENTIAL?"

Retrenchment in governmental expenditures is no easy matter at best. Everybody wants taxes cut, but nobody ever wants to cut the things in which he is interested. Try it sometime, and see the clamor which arises from groups of people often too large to be ignored, because they express a substantial public demand. What may seem non-essen-

tial to you seems vitally essential to them.

Moreover, the really non-essentials in government often do not amount to a great deal in dollars and cents. There is no need to try to catalogue them, and perhaps opinions would differ too much to make that possible, but if you add up the cost of activities which reasonable and impartial people would probably agree could be dispensed with, the chances are that the total would not make very much difference in the tax rate.

I think it can be fairly said also that no large part of the mounting cost of government is due to useless office holders. I would be the last to deny that in this country,—and for all I know in other countries too,—the public pay-rolls contain people who could be dispensed with, and it may be largely because of this that to classify almost everybody engaged in public service as mere "jobholders" seems to be a popular theme and one which catches the public fancy. All too little is said of the great majority of public employees, whose work knows no hours, and whose devotion to duty shows public service to be an honorable endeavor in their eyes. But if you removed all the public employees who could be properly dispensed with, I doubt very much whether there would be enough saving to make a great deal of difference in the tax rate, and in addition to that the ranks of the unemployed and the charges on the public bounty would be still further augmented.

If you put aside highway construction, because that is usually paid for now through revenues from gasoline taxation dedicated to it, then by far the greater part of the public funds in almost every state or community goes to education, health, and welfare. These are the principal items in nearly every public budget, and from the mere view-

point of dollars it would seem that here is the field where really substantial cuts could be made. And yet these are the very activities which I do not believe the American people want to see destroyed or impaired.

I do not mean that savings and economies cannot be made in the administration of these functions, and wherever possible that should be done. Nor do I mean that in emergencies or in crises even the impairment or suspension of some of these activities may not be temporarily justified. That may be the case.

#### CITIZENS WANT THESE SERVICES

What I mean is that these are the activities of government which concern most directly the health, the happiness, the contentment and the future lives of the American people. Government has many functions which deal with the rights and protection of property; with the enforcement of law and order and the public safety; with the regulation of business affected with a public interest, and so on. But the education of the boys and girls of today so that they may grow up to be men and women of knowledge, culture and character; the prevention and cure of disease, including adequate sanitary facilities, so that health and living standards and conditions may be high; the care of the sick, the afflicted and the dependent who are proper wards of the state; the rehabilitation of the inmates of our penal institutions; such measures of general and social welfare as are necessary in a progressing world and compatible with a people whose heritage is to care for themselves when they can;—these are high sovereign functions of government which are inseparable from human rights and human responsibilities. They should be performed with the most economy which is consistent with effective service, but I do not believe the American people will knowingly or long coun-

tenance a curtailment in them which would impair effective service.

Just here you have a budgetary dilemma, indeed a crisis in government economy. The public functions which spend the most money are the functions which cannot be too drastically curtailed.

#### WHERE THE MONEY COMES FROM

Public budgets usually comprise the revenues from direct property taxes and from indirect taxes as well, and usually it is only the direct taxes which show on the tax bills. So some governments take the easy way of keeping direct taxes low, and making up the difference by increasing existing rates of indirect taxation, or by creating new forms of indirect taxation, which are not reflected in the tax rate. The idea seems to be that the collection of such taxes is a painless undertaking.

But an increase now in any existing forms of taxation nearly always means diminishing returns, and economically it is hard to justify any new forms of taxation at all. Incomes are taxed about all they can stand. Large inheritance taxes on large fortunes are of questionable yield, because the large fortunes are no longer here. When you come to sales taxes in the states, they will either be passed on to the consumer, who is overburdened already, or if absorbed by the industry this may wipe out a slender margin of profit which may mean the difference between success and failure. Gasoline taxes are being worked to death; we want the cars on the road, not off.

So we are back where we began. There is no royal road to lower taxes. It does no good to reduce one kind of taxation and increase another kind or add a new kind. The only way to really lower taxes is to spend less money.

In accomplishing this it is important that state and local governments should act wisely and sensibly and not recklessly or unintelligently, and in order

to do that there are certain governmental agencies which are not helpful merely, but essential.

#### REORGANIZATION FIRST STEP TO ECONOMY

In the first place there should be such a reorganization and realignment of the departments of government as will centralize responsibility for their administration, coördinate functions which are related, eliminate waste and overlapping, and generally promote efficiency. This will furnish the framework or the basis for intelligent economy.

Next there should be the executive budget system, under which the governor of the state or the mayor of the city, as the case may be, after conferring with his several department heads, presents a balanced budget to the legislative body, and the legislative body has the power to reduce or eliminate items of appropriation, but no power to increase items or add new items.

Then there should be a central purchasing agency, equipped to secure the benefit of discounts and wholesale prices, and to take advantage of favorable market conditions.

Finally, there should be a central personnel department, equipped to prescribe the desirable standards for the various kinds of public service, except heads of departments whose selection should be discretionary with the governor or the mayor, and certain other appointments which for sufficient reasons are not usually included in the classified service.

Most of the states now have one or several of these agencies, but I do not recall any state except Maryland which has all four, and among the cities of the country Baltimore has all of them too.

#### THE TOOLS OF ECONOMY

These are the instrumentalities or tools for achieving an intelligent economy in the conduct of government.

Without them, or at least without most of them, reductions in appropriations will be a more or less "hit or miss" affair, and may actually do an injury to useful public services for which the savings effected might not compensate. But with these instrumentalities every state and every city has the means at hand for a studied and intelligent reduction in the cost of government.

Then the question becomes one of wise and discriminatory budget-making, to which generalizations cannot well be applied. The problem is a local one, differing in different states and communities, and actual reductions must reflect the wants and needs of the people of each locality, as well as careful consideration of the worth, value and efficiency of each governmental activity.

It is in furtherance of these objectives that the Committee on Civic Education by Radio and the Citizens' Councils for Constructive Economy are rendering valuable service to the whole country.

It may not be inappropriate now to relate exactly how the last session of the Maryland legislature, which adjourned on April 4, 1933, met the problem we are considering.

In Maryland, the state's fiscal year begins on October 1, and the legislature, which meets biennially, adopts the budget for the two succeeding fiscal years. In other words, the legislature of 1933 adopted the state budget for the fiscal year beginning October 1, 1933, and for the fiscal year beginning October 1, 1934.

The original budget for this biennium was prepared and submitted by me to the legislature early in January, 1933. My primary purpose at that time was to submit a balanced budget of state expenditures, that is, a budget which after caring for the established activities of the state government would provide an adequate surplus in the state treasury at the end of the budgetary period.

## CUTTING THE MARYLAND BUDGET

## RELIEVING THE COUNTIES

In order to do this, reductions in existing appropriations were necessary. Maryland, like all other sections of the country, was feeling the effect of hard times. State revenues were falling off and property values were declining. The state tax rate was only twenty-five cents on each hundred dollars of assessable value, but the people were demanding relief from every kind of taxation.

A balanced state budget, with an adequate surplus, was secured by reducing expenses and cutting salaries to an amount approximating two million dollars a year. Then, by discontinuing the work of eliminating railroad grade crossings,—because the railroads were not financially able to contribute their share,—and by applying this money to our sinking fund account, the state tax rate was reduced from twenty-five cents to twenty-two cents.

In this way the state budget was balanced and the state tax rate reduced. This was all that in anything like normal times the state could be asked or expected to do. It was more than most other states in the country were in fact able to do, because this result was accomplished in Maryland with no new or increased forms of taxation, and with no estimated increase in existing revenues, whereas state after state had been able to produce a balanced budget only through new or increased income taxes, or sales taxes, or higher gasoline taxes or other ways of securing new revenues.

In Maryland, however, we did not consider it enough to balance the state budget and reduce the state tax rate. We considered it necessary also to furnish tax relief to Baltimore City and to the counties of the state. The people of the counties were burdened with heavier local taxes than they could pay, and Baltimore City was carrying a greater burden for unemployment relief than it could meet.

In the counties, the principal items of local taxation were for public schools and county roads. Relief was given from the local road levies by providing that the state funds applicable for the construction of state lateral roads in the counties, should be expended on county road work and in meeting county debt service. This relieved some counties of their road levies altogether, and others to a substantial degree.

But the county school levies presented a more difficult problem. Economies were possible in the conduct of the schools, and these were made, but the public school system had to be maintained at the proper degree of efficiency, and this meant that if county school levies were substantially reduced, the difference had to be made up by the state.

At first I thought that this could be done by selected commodity taxes or by a general sales tax, the revenues from which would go not to pay any part of the expenses of the state government,—the budget already provided for that,—but solely to the reduction of school levies in the counties, and to financing unemployment relief in Baltimore City.

The more the subject was considered, however, the more apparent it became that the people could not really be helped through any new forms of taxation, and that the only way to give them actual relief was to raise the money necessary to reduce local taxes by making additional reductions in the state budget.

Accordingly, I tackled the budget again, and succeeded in cutting it by an additional \$3,000,000 each year, which was divided between Baltimore City and the counties. Baltimore's half of this grant from the state will serve to carry an issue of \$12,000,000 of state bonds, this being the amount of the

city's estimated unemployment relief needs for three years, which the state will pay from the proceeds of the bonds. The counties' half of this state grant will be applied to reducing county school levies to amounts which vary somewhat in the several counties, but are substantial in all.

All the county levies have not been made up yet, but in many which have been made up levies ranging from \$1.20 upwards have been reduced as much as fifty cents or more as the direct result of this economy program on the part of the state of Maryland.

#### EXPENDITURES CUT 30 PER CENT

The \$3,000,000 fund required to accomplish this local relief necessitated a cut of 30 per cent or more in almost every department and institution of the state, and the process was accomplished without that curious paradox whereby through some legerdemain states and cities often reduce taxes and yet manage to spend more money.

In Maryland, the state appropriations for the current fiscal year aggregate \$35,945,000. For the fiscal year beginning October 1 next they will aggregate \$31,940,000. In other words, the state government will spend something over \$4,000,000 less in the fiscal year beginning next October than the amount appropriated for the present fiscal year, and in addition to this \$4,000,000 saving, \$3,000,000 of the appropriations for the next fiscal year is the fund allotted to Baltimore City and the counties for unemployment and tax relief. This relief fund of \$3,000,000 does not, of course, represent a normal function of the state government. So far as normal governmental functions are concerned, Maryland's appropriations next year

will be more than \$7,000,000 less than the appropriations for this year.

I submit that no state in the country can match that record, or come anywhere near matching it. The state of Maryland, after first reducing state appropriations, balancing the state budget, providing an adequate treasury surplus and lowering the state tax rate, then financed the estimated unemployment relief expenditures of Baltimore City for three whole years and lightened most substantially the local tax burden in every county of the state by still further reducing the appropriations for its own state activities.

The cuts thus made in the Maryland state budget are obviously drastic, and in the midst of the legislative session there was little time for the intelligent sort of governmental economy which I have been advocating. The instant and vital thing was tax relief for the people, and that was given; but at the same time a substantial reserve fund was provided in the budget for the purpose of making up to any department or institution such amount, if any, as after thorough investigation is found necessary to enable it to perform its essential functions in an adequate manner. In other words this reserve fund is available to supply the necessary money to any department or institution whose appropriation is shown to have been cut too severely.

But I must conclude. The subject we have been considering is at best a difficult one. It is easy to carry governmental economy to the extreme, and perhaps easier still not to carry it far enough. The middle course is a wise, sensible, and discriminatory approach, and that I believe will be the best for the public good in the long run.

# Progress in International Municipal Research

United States urged to join in constructive work of International Union of Local Authorities

G. MONTAGU HARRIS

*Vice President, International Union of Local Authorities, London*

AN ACCOUNT has already been given in the NATIONAL MUNICIPAL REVIEW of the successful International Congress of Local Authorities which was held in London last year. The United States was strongly represented at that Congress by an official delegation, as has already been announced, and the reports drawn up by several members of that delegation are evidence of their appreciation of the amount of information gathered together in the papers submitted to the Congress, as well as of the value of the Congress itself as a means of making contacts with local government experts in all parts of the world and thus enabling them to exchange experience and ideas to the mutual advantage of their respective countries.

The London Congress was the fifth of those organized by the International Union of Local Authorities. The first was held in Ghent in 1913 and subsequent Congresses at Amsterdam, Paris, Seville, and Barcelona.

The Congresses, generally speaking, are held triennially and the next engagement is at Berlin in 1935, when it is to be hoped that conditions in Germany will be more propitious for such an event than they appear to be at the present time. Between the Congresses are held General Assemblies, which are gatherings of not quite so elaborate a

character as the Congresses, but to which outside visitors are welcome. A General Assembly will be held at Lyons next year, when one of the principal subjects to be discussed is the proposal to establish at the central offices at Brussels a rota of experts in each country on all the various branches of local administration, who would be prepared to give lectures in any other country to institutions which desired to avail themselves of their services.

#### CLEARING HOUSE OF INFORMATION

It must be understood, however, that the Congresses and Assemblies are by no means the only activities of the International Union. At the central offices, information is collected from all the affiliated countries as to the activities of local authorities of all kinds. This information is carefully filed and much of it is disseminated through the official publications of the Union. In addition to this, any member of an affiliated organization can apply to Brussels for information as to the practice in other countries with regard to any branch of local administration, and if the information is not immediately available, steps will at once be taken to obtain it.

It was some little time before the authorities in Great Britain were able to see the advantage of joining this organization, but they have now done so, and

by their support of the London Congress have shown their general interest in the movement, while a number of them could give specific instances of the useful results of their membership.

ENTRY OF UNITED STATES IN UNION  
HIGHLY DESIRABLE

It is greatly hoped that the United States will similarly come into the movement. The representation at the London Congress did not in itself effect an affiliation to the Union and hitherto there has been difficulty in even suggesting how this could be carried out, as the constitution of the Union requires that in each country there shall be one center with which the International center at Brussels can communicate. The creation of the American Municipal Association, representative of the Leagues of Municipalities in most of the states, has greatly simplified the proposition and it is understood that, as a result of negotiations which have been recently taking place, the Association will act as the center for the United States, working through a committee of representatives of other American organizations interested in the subject. It may be mentioned that the British committee for the International Union consists of representatives of the Association of Municipal Corporations, the London County Council, the Urban District Councils Association, the Rural District Councils Association and the National Association of Local Government Officers, while other bodies which are not actually represented on the committee are, nevertheless, on the payment of a small annual subscription, connected through it with the International Union. These are such bodies as the Institute of Public Administration; the Institute of Mu-

nicipal Treasurers and Accountants, the Town Planning Institute, the British Water Works Association, the Chief Constables Association and a number of others.

The International Union publishes a periodical in the French language containing articles based upon the information collected from the affiliated countries. If the United States comes in along the line with the suggestions above made, it is proposed that, in coöperation with the British committee, a periodical shall be brought out in the English language to take the place, for English-speaking members, of the official French organ.

It is greatly to be hoped that a wide interest will be taken in this international movement. The European countries fully realize that an immense amount of valuable information is to be obtained from the forty-eight laboratories of local government which the states represent, and it is suggested that, whereas the exchange of information between the state Leagues of Municipalities is of the greatest value to all of them, it is really important to the local authorities throughout the United States to learn something of the successes and failures in different branches of local administration which are to be found in the records at Brussels, collected from the experience of some thirty to forty countries. The organization is there; its form is well established, and it is already doing most useful work. If the United States takes a hand in the matter and becomes qualified to appoint its representatives on the permanent bureau, the usefulness of the Union will be immensely increased and its importance in the world completely assured.

# Albemarle County, Virginia, Adopts the Executive Plan

Powerful opposition  
fails before campaign  
to improve govern-  
ment of Virginia  
County — Albemarle  
first to act under new  
optional law

GEORGE W. SPICER

*Chairman, Virginia Commission on County Government*

THE first Virginia county to take advantage of the optional forms act of the 1932 session of the General Assembly providing two alternative forms of government for the counties of the state (to become effective in any county when submitted to the qualified voters thereof in an election held for such purpose and approved by a majority of those voting thereon) was Albemarle, the home of the University of Virginia. This county on the second day of May, 1933, adopted by a two to one vote the county executive form, the alternative of the county manager form as provided under the optional forms act.

## THE NATURE OF THE NEW SYSTEM

Under the county executive form the entire legislative and administrative authority of the county is vested in a county board of supervisors of not less than three nor more than seven members (Albemarle having six magisterial districts, the number will not be changed) to be elected, one from each magisterial district, by the qualified voters of the whole county. This board will determine the policies of the county, enact local legislation, levy taxes, make appropriations and direct and control in a general way the activities of the county.

The board of supervisors is required to appoint a county executive—a full time officer who may, in the discretion of the board, serve as the head of

one or more of the departments of the county government. He is appointed for no definite term and may be removed at the pleasure of the board of supervisors. His chief duty is to act as the administrative head of the county. He is required to carry out the policies determined by the board, to co-ordinate the affairs of the county and to see that proper administrative procedure is installed and enforced. He is required to prepare the annual budget for the approval of the board of supervisors and to execute the budget as approved by the board. The budget as prepared by the county executive is a complete budget including all estimated revenues and expenditures of the county. For example, the school funds, now actually under the control of the school board and constituting the largest single item of the budget, will be coördinated with the general county budget and thus rendered subject to the effective supervision and control of the board of supervisors. The executive is required to make monthly reports to the board of supervisors in regard to matters of administration and to keep the board fully advised as to the financial status of the county, to examine regularly the books and papers of every officer and department of the government and to report to the board of supervisors the condition in which he finds them. He is required to attend all meetings of the board of supervisors and to recommend

such action as he may consider necessary or desirable.

Provision is made for the regrouping and consolidation of all the administrative functions of the county into a small number of departments, such as finance, education, law enforcement, public welfare, public health, and records. The board of supervisors is empowered to appoint, upon the recommendation of the county executive, the head of each of these departments and all other administrative officers and employees of the county, except the county clerk, the commonwealth's attorney, and the sheriff, who under the law remain elective. All of these appointed officers and employees serve at the pleasure of the board.

#### FINANCIAL CONTROL CENTRALIZED

Special attention should perhaps be directed to the substantial changes effected in the financial and educational administration of the county in the regrouping and consolidation of functions. The department of finance includes the assessment of taxes and the collection, custody, and disbursement of county revenues, the purchase and distribution of supplies, and the supervision of accounts. In brief, this department combines the present functions of treasurer and commissioner of the revenue, and in addition has charge of purchasing and the supervision of accounts. In normal times this change alone will probably save the county from ten to fifteen thousand dollars annually.

The present roundabout and complicated method of appointing the school board and the division superintendent has served to remove the administration of the schools as far as possible from the influence and control of the people or of the board of supervisors elected by the people. Under the county executive plan the school trustee electoral board, now appointed by the judge of the circuit court, is abolished and the members

of the school board are appointed by the board of supervisors to serve at the pleasure of the appointing board. The school superintendent is appointed by the school board as at present, except that the school board acts as the responsible agent of the board of supervisors. As previously pointed out, school expenditures are included in the general county budget, for the preparation and execution of which the county executive is made responsible. The board of supervisors fixes the salary of the superintendent and determines all expenses of the school board. Thus the supervisors are placed in the position, through a responsible executive agent, to exercise a direct and fairly continuous supervision and control over the financial activities of the school board.

In order to make the plan adaptable to counties of various sizes and conditions and to changing conditions in any given county the above departments are provided for, and the board of supervisors is empowered, upon the recommendation of the county executive, to re-assign, transfer or combine any county functions or departments. Thus, the plan can be operated with the minimum of overhead expense.

The fee system as a method of compensating county officers is abolished and all such officers, except one justice of the peace in each magisterial district and certain election officials, are paid a definite salary fixed by the board of supervisors. Fees continue to be collected as at present and paid into the county treasury, but no fees are retained by officers as compensation. The board of supervisors fixes the salaries, number of deputies, and all other expenses of county officers.

Under the plan the following officers are abolished: county surveyor, county coroner, constables, the school trustee electoral board, the inheritance tax commissioner, and two justices of the

peace in each magisterial district having its legal quota of three.

#### HOW THE MOVEMENT STARTED

Early in January (1933) the writer was asked to consult with a group of citizens regarding county government.

The meeting was originally called to effect a county-wide organization of citizens with a view to backing local legislative candidates who would support a platform of tax reduction and state aid. The writer told his audience that he sympathized with their desire for tax relief, but felt "we should start at home;" that there was little hope for relief at the hands of the state until the local governmental house had been set in order; that the most immediate and most promising opportunity for substantial relief from the present county tax burden lay in the adoption of one of the optional forms of county government by the voters of the county. The two forms were briefly explained.

In this meeting the Albemarle Citizens League was organized. A capable and public spirited member of the board of supervisors was elected president and a committee of twenty persons from all sections of the county was appointed. An executive committee of five members was appointed to direct a campaign for the adoption of the county executive form. Public meetings were held in all parts of the county for the discussion of the new plan. Opportunity for questions was provided and the keen interest of the people is attested by the fact that these quizzes sometimes continued for more than an hour. At the conclusion of each meeting a petition requesting the judge of the circuit court to call a referendum on the adoption of the county executive plan was presented for signatures. In some cases almost 100 per cent of the qualified voters present signed the petition. It was not at all difficult to secure the signatures of more than the necessary 10 per cent of

the qualified voters of the county, and the judge in consequence ordered the referendum to be held on the second day of May.

A statement contrasting the new plan with the old was printed and distributed over the county by the League.

#### THE NATURE OF THE OPPOSITION

When one considers the nature and extent of the opposition, the experience of the people of Albemarle in winning this victory for better government is most encouraging to the other counties of Virginia and the nation. The office-holders of the county, excepting the board of supervisors and the school officials, were solidly against the new plan and fought it desperately. The Commonwealth's attorney of the county stumped the county against the plan. It was difficult to find a lawyer around the court house who was not of the opposition. The chairman of the Democratic committee of the county worked actively against the new plan. The local press lent aid and comfort to the enemy.

On the other side were the residents and taxpayers of the county with no orators to fight their battles for them. The people were told the plain truth in a plain way and they recognized it. The Citizens League sought at all times to keep the issue clear. The people were told that no vote would be, or should be, cast for or against any county officer, but for or against a new system of government designed to remove the weaknesses and defects of the present system.

Other Virginia counties are attempting to follow the leadership of Albemarle. Princess Anne is holding a referendum on the county executive forum on June 29, and Northampton on August 1. A petition has been filed in Henrico requesting a referendum on the county manager form. Less advanced movements are under way in some half-dozen other counties.

# Sweeping Reorganization in Colorado

Administration consolidated into six departments by Code effective July 1; twenty-five boards and commissions abolished and entire financial procedure tightened up

ALLEN MOORE  
LASHLEY GREY HARVEY

*Director, Legislative Reference Office of Colorado  
The Adams State Teachers College, Alamosa, Colorado*

EFFECTIVE July 1, 1933, Colorado made a thoroughgoing administrative reorganization of its state government. This step was made possible by the adoption of the "Administrative Code of 1933" by the General Assembly which met this year.

The act abolishes some twenty-five boards and commissions and consolidates the administration into six departments. Six elective executive officials head these departments; viz., governor—executive; treasurer—finance and taxation; secretary of state—state; auditor—auditing; attorney-general—law; superintendent of public instruction—education. The elective executive heads, with the exception of the superintendent of public instruction, constitute the executive council. They are the same officials who have constituted the state board of equalization and the state auditing board.

Directly under the governor are the budget and efficiency commissioner and the state purchasing agent. These two officials are confidential advisors of the governor and are not subject to civil service requirements. Their acts are reviewed by the executive council.

The budget and efficiency commissioner compiles a budget from estimates submitted by every department and agency of the state receiving state funds. After being passed by the executive

council it is presented by the governor to the general assembly. The governor accompanies his message by a survey of the budget, with the suggested bills for appropriation and revenue, making a complete financial plan for the biennium.

#### CENTRALIZED PURCHASING ESTABLISHED

The state purchasing agent buys all supplies and equipment for the departments, institutions, and agencies. All purchases, with few exceptions, will be made upon requisition. All funds collected by any agency are to be turned over to the state treasurer.

The executive council has the authority to review all purchases and establish a uniform system of accounting for all agencies, institutions, and departments, and approve their budgets and work programs. The Code gives the heads of departments much freedom in administration but concentrates the fiscal control in the hands of the executive council.

The government of Colorado prior to the adoption of the Code was embodied in an archaic, out-moded administrative structure. The state constitution adopted in 1876, with its comparative simple framework of state government, may have been adequate to the exigencies of 1876 but it was hopelessly inadequate for the demands of 1933.

## REORGANIZATION BADLY NEEDED

Administrative reorganization in Colorado was long past due; the first definite movement in this direction took place in 1915 when the legislature established a committee to make a survey of the state government. This committee reported to the 1917 legislature in the form of an integrated administration under the governor and the adoption of a budget system was recommended. A budget system was adopted in 1919, but action on the other recommendations was deferred. A further attempt to reorganize the state government was made in 1921 without success. The next serious attempt was made in 1923, during Governor William E. Sweet's administration. The Sweet Code Bill proposing to centralize administrative authority and control in the governor and to consolidate, so far as possible under the constitution, all administrative agencies in nine departments with single heads appointed and removable by the governor, was opposed by the Lambert Bill providing for a centralized administrative cabinet.

No further movement toward administrative reorganization took place from 1923 until this year. Early in 1932, the Legislative Reference Office prepared a chart showing the organization of the state government. The chart received considerable publicity and reorganization became a campaign issue, both parties pledging a reorganization program. Upon the election of Governor Ed. C. Johnson, a committee was appointed by him with former Governor Sweet as chairman, with instructions to prepare a plan of reorganization.

Governor Johnson made this bill the major part of his legislative program along with a short ballot amendment to the state constitution and a civil service amendment. The bill was passed after

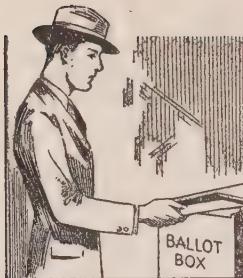
a spirited debate in the Senate and was approved by the governor on April 11, becoming effective July 1, as stated above.

## SHORT BALLOT AMENDMENT PASSED

Two constitutional amendments were passed and are now to be submitted to the people. They are the short ballot amendment and the civil service amendment. The short ballot amendment provides for the election of only three executive state officials, namely, a governor, lieutenant governor, and auditor to be elected for terms of two years. The original proposal was for four years. If the amendment is adopted it will then be the duty of the legislature to create administrative departments not to exceed twelve in number. The governor will be given the power to appoint the heads of these departments without interference from civil service. The legislature could then effect a more complete reorganization than is accomplished in the present Administrative Code, allocating to each of these administrative departments all of the executive functions of the state and thereafter any new functions created will be required to be assigned to one or the other of the particular departments. The short ballot principle is one upon which almost all students of government are agreed. The prospect for the adoption of the short ballot amendment appears to be excellent.

If the civil service amendment is adopted it will make possible the exemption of the heads of departments from civil service and also provide several other much needed improvements.

Colorado now has an opportunity, through the Administrative Code of 1933 as a transition measure, and through the ratification of the short ballot amendment, to acquire a truly modern, efficient, up-to-date government.



# PROPORTIONAL REPRESENTATION

EDITED BY GEORGE H. HALLETT, JR.

## Continuing the Proportional Representation Review

**Amendments Introduced in Michigan.**—On June 1 two constitutional amendments were introduced in the Michigan House of Representatives to legalize proportional representation for municipal elections and prescribe it for future elections of the House. These were in substance the amendments approved by three state conventions of the Democratic party, the chairman of whose P. R. committee, Walter I. McKenzie of Detroit, took the initiative in having the amendments prepared and introduced. Their essentially non-partisan nature was emphasized, however, through the joint sponsorship of Representative George A. Schroeder, Detroit Democrat, and Representative Ate Dykstra, Grand Rapids Republican.

The resolutions were referred to the committee on elections, which held three meetings on them with Mr. McKenzie, Mr. Hallett, and others and reported them in amended but satisfactory form (without recommendation because of the small attendance at the final meeting).

At this point an unexpected snag appeared. A member of the committee on revision and amendment of the constitution contended that no constitutional amendment should be passed upon without the consideration of that committee, and in spite of the lateness of the date and the remonstrances of the sponsors his contention was upheld by a small majority of the members. A factor in the vote was a widespread confusion between the terms proportional representation and reapportionment, which—although an amendment had been added for the specific purpose of meeting the fears of country members on that point—

undoubtedly influenced a number of members to support the request for further study in committee.

A meeting of the second committee was duly called by its Republican chairman but a quorum failed to respond. Interested leaders of both parties then agreed that too much educational work remained to be done to force the measures through in the hectic closing days of the session, and no further attempt was made.

In view, however, of the favorable attitude of all the leaders of the Democratic majority and of enough Republicans to make up the necessary two-thirds if the Democrats give the measures united support, there appears a good chance of passage at a special session if the governor should include such legislation in his call. If legislative action to put the question on the ballot next year does not prove feasible, recourse will be had to initiative petitions.

The need for proportional representation in Michigan has been for some time very apparent. In 1930 the Democratic party polled 42 per cent of the votes for governor, but elected only two representatives out of one hundred, and no senators out of thirty-two. In 1932, with a gain of only 13 per cent in the gubernatorial vote, the same party suddenly captured a majority in both houses and had the difficult task of legislating in a critical year with a majority membership almost totally lacking in legislative experience. Under P. R. a very considerable number of Democratic members would have been present in the preceding legislature and would have

## PROPORTIONAL REPRESENTATION

brought the benefit of this experience to the task of organizing the new one.

The proposed constitutional provisions, as amended by the House committee on elections with the subsequent concurrence of the House, are as follows:

From House Joint Resolution No. 10

(Proposing a new section in Article III)

Section 9. Nothing in this constitution shall be interpreted to prohibit the use of preferential voting, or, where two or more members of a representative body are elected from one district, to restricting the number of members that an elector may vote for or that a majority may elect in order to produce proportional or minority representation.

From House Joint Resolution No. 11

(Proposing a revised section in Article V)

Section 3. The house of representatives shall consist of not less than sixty-four nor more than one hundred members. Representatives shall be chosen for a term of two years. For the election of representatives the legislature shall divide the state into not more than thirty-three districts of convenient and contiguous territory and apportionment shall be made as nearly as may be according to the population of such districts. Every district to be created shall have not less than three members. In first creating such representative districts the legislature may combine existing districts and assign to the new districts the same number of representatives as theretofore elected in the former districts contained therein, without further reapportionment.

The legislature shall provide for a system of voting for representatives whereby each elector shall have the right to indicate on his ballot a succession of preferences and to have his ballot counted for one of them by such system of proportional representation as the legislature shall prescribe, or for a system by which a minority party, casting one-third of the votes or more in any legislative district shall secure the right to elect one of three representatives in a district electing three members.

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### P. R. Proposed Again for Cleveland.—

Peter Witt, the colorful independent leader who acted as chairman of the campaign committee for the P. R.-city manager charter of Cleveland in 1921 but helped to secure its re-

peal ten years later because he had lost faith in the manager plan, has made good his promise, made during the repeal campaign, to lead a fight to restore proportional representation. At his request a charter amendment was introduced on June 1 by Councilman Ernest J. Bohn to provide for a council of nine elected by P. R. from the city at large, a mayor elected by the alternative vote (the same system applied to the election of one), and certain other changes. The ordinance providing that this amendment be submitted to the voters of Cleveland was referred to the director of law and the council committee on legislation as an emergency measure.

Though favorable council action is hardly expected, there is already widespread realization of the unsatisfactory nature of the ward plan which is to be used at the councilmanic election next fall. The new charter required a redistricting of the city into single-member wards and the inevitable gerrymander, banished during the P. R. regime, has once more appeared. The 1930 census populations of the thirty-one new wards, arranged in order of size and expressed in the nearest thousands, are as follows: 22, 24 (2), 25 (3), 26 (3), 27 (2), 28 (6), 29 (4), 31 (3), 32, 33 (2), 34, 38, 39, 40.<sup>1</sup> The largest ward obviously has nearly twice the population of the smallest, with wards of nearly all sizes in between. Some of the shapes of the new wards are said to be fearful and wonderful to behold. The gerrymander was created by the Republican majority for its own benefit and passed over Mayor Miller's veto.

Mr. Witt's amendment, doing away with wards entirely and at the same time guaranteeing representation to all substantial minorities, would of course make any such travesty on justice impossible. A far less perfect remedy has been brought forward by Council President John D. Marshall, who has introduced a charter amendment providing for a council of nine elected from the city at large by the ordinary block vote. Mr. Marshall is a firm believer in P. R. but thinks that the electorate cannot be expected to take the two major steps of approving a small council elected at large and returning to P. R. at the same time.

<sup>1</sup>For these figures we are indebted to the Citizens League of Cleveland. The figures in parentheses are the numbers of wards having the approximate populations indicated.

In the preparation of his amendment Mr. Witt had the assistance of Emmett L. Bennett, director of the Municipal Reference Bureau of Cincinnati, and Saul S. Danaceau, sponsor of the present Cleveland charter. It carries out every one of the major recommendations made by the P. R. League and its Cleveland branch while the P. R.-manager charter was in effect.<sup>2</sup> It is also in line in most particulars, except for the absence of the city manager plan, with the recommendation of the Citizens League's Charter Commission of 1929-31, the recent declaration of the Cleveland League of Women Voters, the model city charter of the National Municipal League, and the present charter of Cincinnati. Since it keeps the many excellent features of the old P. R. provisions, it would in our judgment afford a vast improvement in election methods over anything that Cleveland has had before.

The principal differences between the P. R. provisions of the Witt proposal and those formerly in effect in Cleveland are as follows:

1. The Witt proposal provides for election at large instead of from four large districts. This would secure much better newspaper publicity in election campaigns and make easier the task of persuading high-grade candidates to run.

2. It decreases the size of the council from twenty-five under the P. R.-district plan to nine. This also would tend to raise the calibre of the council.

3. It raises the salary of councilmen from \$1,800 to \$5,000<sup>3</sup> (subject to change by the council but not during the term of the council making the change). Some of the best members in recent years have had to drop out because they could not afford to give the time necessary to fill the position of councilmen for a great city conscientiously for a salary of \$1,800.

4. It does away with the precinct count of first choices and provides that the ballot boxes shall be opened and all the counting done at the central counting place. In past elections there have been numerous charges of tampering with ballots in the precinct counts in certain parts of the city.

5. In the central count it provides that

<sup>2</sup>See the *Proportional Representation Review* for January 1928.

<sup>3</sup>\$6,000 for the president of the council.

every candidate or his agent shall have "the privilege of mingling with the counting staff and of examining any of the ballots closely, under the supervision of the director of the count; but these privileges shall not be construed to authorize the unreasonable impeding of or interfering with the counting." This is in accordance with recent practice in Cleveland, but a former board of elections interpreted the less specific provisions for a public count in the old charter in such a way as to prevent any adequate public supervision whatever.

6. It provides for the filling of any vacancy by a recount of the ballots which elected the vacating member together with the ballots which have not shared in the election of any member. This replaces the filling by appointment of a council majority, which in Cleveland has been used repeatedly by the majority to increase its strength improperly at the expense of the minority.

7. It provides, instead of the usual majority recall, that a majority election on the recall of a councilman shall be held only if the recall petition signed by 20 per cent of the voters includes a majority of those who signed his nominating petition and that if the recall is successful the place shall be filled, as in the case of any other vacancy, by a recount. This prevents the majority from using the recall to deprive a minority of its representation. In Cleveland's actual experience the majority recall of P. R. councilmen allowed under the old charter was never used.

In its proposal that the mayor be elected by the alternative vote while the council is elected by P. R., thus abolishing primaries for all city government officials, the amendment follows the long-established practice in Winnipeg and Calgary and the recent recommendation of Judge Seabury for New York City.

Other constructive proposals in the amendment are the abolition of lame-duck councils by having newly elected councilmen take office on the 16th of November instead of the first of January following the November election, the grouping of all municipal offices under the mayor in four departments, and the setting up of a municipal fire insurance fund.

If the council does not put the amendment on the ballot by a two-thirds vote, there is still a possibility of forcing the issue by petition. Some Clevelanders who believe in P. R.

think this should not be done until the city has had a real taste of the ward plan. In any case the Witt proposal has served a useful purpose in keeping before the public the constructive answer to the evils of ward elections.

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**Portland, Oregon, Considers P. R.**—In the discussions of a new city manager charter which have been going forward in Portland, Oregon, for the past year, leading last fall to the creation of an influential city manager committee and this spring to a public recognition of the advantages of city manager government by Mayor-elect Carson, proportional representation has taken a prominent place. In May the Portland City Club held a mock P. R. election, participated in by the Seattle Municipal League and students at the University of Washington, Oregon State College, University of California, and the University of California at Los Angeles in addition to its own members; and heard an address on the subject by Professor Joseph P. Harris of the University of Washington, recognized authority on election matters, who some years ago made a special survey of the workings of P. R. in the United States and Canada for the National Municipal League.<sup>4</sup> The *City Club Bulletin* for May 19 quotes Mr. Harris as saying:

"It [P. R.] has been a marked success in Cincinnati and Hamilton, Ohio, and Calgary, Canada. While it was in force in Cleveland the experience there was quite satisfactory, and everywhere the councils have been more truly representative of the wishes of the voters. . . .

"Proportional representation works with absolute fairness to the various groups in the election, prevents the manipulation of the election, guarantees minority representation as well as majority control, and, most important of all, makes it feasible for nonpartisan citizens, interested in securing good government, to form a civic organization which will draft capable candidates and secure their election."

<sup>4</sup>"The Practical Workings of Proportional Representation in the United States and Canada," Supplement to the NATIONAL MUNICIPAL REVIEW for May 1930.

**A P. R. Bill in Connecticut.**—The Socialist party of Connecticut sponsored a bill before the 1933 legislature (Senate Bill No. 231) to allow any town, city, or borough to adopt proportional representation with a partisan ballot "for the election of any or all local officials where more than one office of the same title is to be filled." The procedure prescribed for adoption was popular vote initiated either by ordinance or by petition. The bill did not attempt to set up actual P. R. machinery, leaving that to the ordinance or petition. A hearing was held before the Senate Judiciary Committee on March 7, but the bill was not reported.

P. R. is at present illegal in Connecticut, having worked too well for the satisfaction of Republican politicians in the town of West Hartford in 1921 and 1922.<sup>5</sup> The system was outlawed by the legislature against West Hartford protests in 1923.

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**Felix Adler.**—In the death of Felix Adler, founder of the Ethical Culture Society, on April 24th, the Proportional Representation League lost one of its oldest and most influential members. Mr. Adler became a member of the League within a year of its founding in 1893. In 1894 he signed an address presented to the constitutional convention of the state of New York<sup>6</sup> as one of the vice-presidents of the Proportional Representation Society of New York. A part of this address sounds strangely familiar today: "Although they [the Republicans in New York City] were entitled to eleven members of assembly, eleven aldermen, three state senators and three congressmen [in the elections of 1892] they were unable to elect one person to represent them. More than one-third of the voters in the city of New York were and are practically disfranchised." When the American P. R. League was reorganized in 1914 Mr. Adler became a member of its council, a position which he held continuously as long as he lived.

<sup>5</sup>See the *Proportional Representation Reviews* for April 1921, April 1922, and July 1923, and "Proportional Representation" by Hoag and Hallett, pages 207-208.

<sup>6</sup>This address was printed in the *Proportional Representation Review* for June 1894.



## RECENT BOOKS REVIEWED

EDITED BY EDNA TRULL

**State and Municipal Bonds.** By William L. Raymond. Boston, Financial Publishing Company, 1933. 397 pp.

The second edition of Mr. Raymond's treatise on state and municipal bonds makes a very timely appearance in a period when, as the author says in his preface, "there have developed some difficulties with the bonds of certain of our states, counties, municipalities, and incorporated districts." Written primarily for the investor in municipal securities, it holds also a certain amount of interest for the general student of public finance because of its point of view and its disclosure of the need for the integration of sound principles of fiscal administration with this field of investment analysis.

Orthodox in its treatment, and making little attempt to set up new and elaborate criteria for the appraisal of municipal investments, the book reiterates from chapter to chapter the basic tests which should govern the judicious selection of such investments and, incidentally, which should determine the course of public borrowing. If, during the past decade, investment bankers had permitted themselves and their clients to be guided by the fundamental principles presented there would be less cause for concern over the municipal debt situation today.

It is not to be expected that a modest volume of less than four hundred pages can present an exhaustive digest of the entire state and municipal investment field, but Mr. Raymond has succeeded in including an amazing mass of material in support of his general principles and conclusions. Not all of it is organized or proportioned to the best advantage, and certain topics of major importance such as the relation of developing modern,

scientific methods of governmental financial administration and control to the safety of municipal investments are given only scant attention, but much of real value is included. The approximately one-half of the book which is devoted to state bonds is the most complete and has brought together a most useful and comprehensive compendium of information on this phase of the subject. The general summary of state debt history and the brief individual analysis of state credit conditions are especially convenient for ready reference purposes. The value of later editions will be enhanced by the inclusion of a more detailed index which will make the varied contents more available for reference use.

—FREDERICK L. BIRD.

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**The Government of the Metropolitan Region of Chicago.** By Charles E. Merriam, Spencer D. Parratt, and Albert Lepawsky. Chicago. The University of Chicago Press. 1933. 193 pp. \$2.00.

This little book contains a summary of a series of studies into the government of the Chicago metropolitan region, begun several years ago by Professor Merriam and his corps of able assistants, the detailed results of which have been published from time to time. The synthesis of the results of these investigations furnishes the background for a very careful diagnosis of the social and governmental ills from which Chicago has so long suffered and for a formulation of plans of treatment, temporary and permanent, which may bring the patient to convalescence and to full recovery. Some twenty-four statements summarize the findings of the collaborators as to the factual conditions, and numerous detailed suggestions

are made of the measures to be taken both for temporary and permanent bettering of the conditions now existing.

The important point in the attack upon the governmental problems of Chicago as set forth in this book is the recognition that they cannot be adequately understood nor practically treated except in connection with the larger problems of the entire metropolitan region, extending beyond the confines of the city and including some adjacent territory in Indiana and Wisconsin. This region with its hundreds of local governmental units, many of them overlapping, each with independent powers of taxation, presents a picture of governmental disorganization that has never been duplicated anywhere in this country. One does not wonder that under such a system good government has been unobtainable and that the forces of extravagance and crimes have run rampant.

Notwithstanding the dismal situation, the keynote of the book is optimistic. Professor Merriam has labored so long in this field, and without the support that his labors have richly deserved, that some let-up in his enthusiasm might be expected; but his faith in the ultimate reformation of his prodigal city is undimmed. He still believes that to a large degree the causes of its delinquency have been the indifference or hostility of those sections of the state beyond its limits and would even set up a separate statehood to rid it of its evil association with the government of Illinois. All this seems rather chimerical, unless it be regarded merely as a threat to coerce the state legislature. One may well doubt whether Chicago itself is not the one primarily responsible for its present situation and whether any ultimate solution of its difficulties can be brought about until the social, economic, and educational forces of the city unite behind the leadership of men like Professor Merriam. The reader is left with the impression that whatever the solution is to be, it must be worked out within the limitations of the present constitutional and legal organization within which the city moves and has its being.

—C. W. TOOKE.

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**Standards Yearbook, 1933.** By the Bureau of Standards. Washington, U. S. Department of Commerce, 1933. 255 pp. \$1.

The seventh edition of the standardization annual offers a summary of the recent devel-

opments in the standards field. The work of governmental agencies, national, state, and local, private technical and scientific societies, and trade associations is described. The volume informs manufacturers, purchasing agents, and scientists engaged in research of the phases of standardization which affect them by showing trends in industry, new specifications, or current research leading to standardization. To the layman the volume presents a field of unsuspected significance in industry, commerce, science, and government.

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**Municipal Costs and Finance.** Reprinted from *Engineering News-Record*, 1932. Chicago, 1933. 27 pp. 25 cents.

During 1932 the *Engineering News Record* carried a series of articles dealing with municipal finance and administration, by Frank W. Herring, D. B. Woodward, C. A. Dykstra, Clarence E. Ridley, and Carl H. Chatters, as well as a number of editorials in the field. These were widely acclaimed when published and their collection and reprint in pamphlet form is a genuine service.

\*

**Federal and State Tax Systems.** By Tax Research Foundation. Chicago, Commerce Clearing House Association, 1933. 209 pp. \$10.

The three earlier editions of this compilation have already proved the quality of the publications so that this fourth edition receives a ready welcome. It contains tax charts of the United States and the forty-eight states and thirty-seven foreign states or cities. In addition there are status tables of various taxes in a group of national governments, and status tables of more than fifty different taxes in the forty-eight states. The New York State Tax Commission under whose direction the material is prepared, Mayne S. Howard, the editor, and the numerous state officials and students of finance who supply the data, help to present a volume indispensable to legislators, research workers, and taxpayers.

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**Report on Fiscal Affairs of Chester and Delaware County, Pennsylvania.** Chester, Delaware, Chamber of Commerce, 1933. 37 pp. mimeo.

The long list of cities, counties, and states

being surveyed in the interests of taxpayers grows. Although the emphasis is all too often on the need of reducing taxes, there is accumulating an impressive library of material describing in detail the actual operation of local government, such as is evidently essential before improvement may be achieved. The study undertaken by a special committee of the Delaware County Chamber of Commerce has thus emphasized economies which may be effected in the government, estimated at \$300,000 annually as a minimum, out of an expenditure represented by the \$2,421,509 tax levy of 1932. The pamphlet is largely an attempt to point out how 1933 budget requests might be cut. This, unfortunately, overshadows the description of administrative method which is, in itself, such adequate proof of the need of reform based first upon efficiency and adequacy and second upon economy.

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**Causes of the Financial Breakdown of the Local Government of Fall River, Massachusetts, and Means Taken by Massachusetts to Re-establish the Finances of that City.** By John R. Donahue. Hartford, 1933. 40 pp. Fifty cents.

The title describes well the contents of this pamphlet. In these days when municipal default lists run into the hundreds, and rumors of many more circulate, and when accurate details are difficult to secure, the story of one of the most famous cases is especially interesting. When, furthermore, it is simply and completely presented it has a distinct value to municipal officials, other students of municipal finance, and to taxpayers as well as to financial institutions. Mr. Donahue, in compiling the Fall River material for the Connecticut Tax Commission, has written such a report.

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**Education for Citizenship.** Chicago, Committee on Civic Education, 1933. 52 pp.

The superintendent of the Chicago public schools, Mr. William J. Bogan, asked a committee to recommend a program of education for citizenship for the public schools of Chicago. The Union League Club of the city undertook to finance the study on which this very interesting report is based. Professor A. R. Hatton was chairman, Mr. Edward M. Martin, secretary, of the committee.

In civic education Chicago has already practiced most of the generally approved methods, at least in part. The need of further stimulation in order to assure effective democracy as well as the critical problem offered by Chicago justify serious concern there. Specific recommendations, adaptable to any city, are offered. Of especial importance the committee considered the use of a manual on the local government written for the students. Such a handbook has been prepared for high school students. The chapter headings listed in this report indicate its general value. This report itself is increased in value by the excellent bibliography of material on civic education. (Copies may be obtained through Mr. E. M. Martin, Union League Club, 65 West Jackson Boulevard, Chicago).

\*

**How Cities Can Cut Costs.** By Clarence E. Ridley and Orin F. Nolting. Chicago, International City Managers' Association, 1933. 58 pp. \$1.00.

The interesting series of articles on cutting municipal costs which recently appeared in *Public Management* drew wide attention. The editors of the magazine have happily brought together in book form their practical suggestions for constructive economy in local government. Sections of from three to six pages are devoted to economies in each of the following spheres of city government: management, office practice, financial administration, personnel administration, public welfare, public works, police administration, fire administration, public health, education, public libraries, planning and housing, elections, governmental structure. The economies outlined are those which will not only reduce expenditures, but will also improve efficiency and render more effective service.

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**Refuse Collection and Disposal: Costs and Methods in Cincinnati, Ohio.** By Hazen Pratt. Rochester, Bureau of Municipal Research, 1933. 16 pp. mimeo.

At the request of the Rochester commissioner of public works, John G. Ellendt, and with his full coöperation, the Rochester Bureau of Municipal Research undertook a study of the refuse collection methods of that city. Early in the investigation it became apparent that costs in Rochester were far above those in Cincinnati, and it was decided to study the

methods used there. This pamphlet, which is part one of the entire survey, reports on the Cincinnati methods. Following this there will be issued the reports on the experience in Rochester, in connection with various classes of refuse, and suggestions for possible improvement.

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**Comfort Stations in New York City Today and Tomorrow.** By Committee on Public Health. New York, Women's City Club, 1933. 66 pp.

Several years ago the public health committee of the Women's City Club undertook a preliminary study of comfort stations in the city. The Milbank Memorial Fund then gave financial assistance for a complete study. Although the report is primarily a description of the deplorable conditions in New York, interesting statistical material is given on the operation of public comfort stations in other cities. Dr. S. Josephine Baker was chairman of the committee which made the study.

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**A Bibliography of Public Administration, Part I—General Literature.** By Sarah Greer. New York, Institute of Public Administration, 1933. 90 pp. \$1.50.

Intelligent selectivity is one of the rarest of human traits in any field of endeavor and particularly so and consequently to be prized beyond measure among bibliographers. This new bibliography of public administration, published in response to a demand for copies of the earlier edition of Miss Greer's volume published in 1926 and which has been out of print for some time, is the result of careful qualitative consideration. The best blooms have been picked.

Part I, now published, thus presents a key that will unlock the door leading to the store-

house of general literature on public administration. Its thirteen principal divisions are as follows: bibliographic and reference sources; government documents; constitutions; theory and practice of government; legislative organization and procedure; science and art of administration; administrative law; national government, United States; state government, United States; local government, United States; national government, foreign countries; local government, foreign countries; and governmental research.

The need for such a book is particularly evident to any who attempt to fulfill the requirements of a clearing house for information on government. Thousands of queries flow across the desk which may be answered by a finger pointed at Miss Greer's new volume. It is not only a most welcome addition to the literature in the field, but represents intelligent response to a very definite demand.

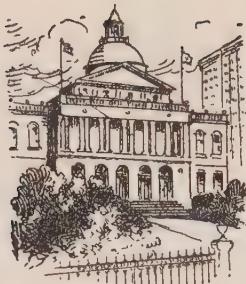
—HOWARD P. JONES.

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**Trends in School Finance—School District of Kansas City, Missouri.** Kansas City, Civic Research Institute, 1933. 40 pp. mimeo.

This is the second study in the series on local government finance now being done by the Civic Research Institute. With comment sufficient only to explain and summarize the tables which comprise the bulk of material, the report offers data on the assessed values, tax rates, condition of funds, income and expense, and bonded debt. Analysis is made of income and expenditures. The presentation of complete figures since 1920 with forecasts for the coming decade where important, makes this an invaluable document to those interested in city finance, including as it must, the underlying taxing districts such as that for school maintenance.





# GOVERNMENTAL RESEARCH ASSOCIATION NOTES

EDITED BY ROBERT M. PAIGE

*Secretary-Treasurer, G. R. A.*

**G. R. A. Convention.**—The Executive Committee has decided that the 1933 convention will be held in Atlantic City with the National Municipal League. The dates will be November 8 to 11, Wednesday through Saturday. On Wednesday the only program will be that of the Governmental Research Association. On the following days sessions will be held jointly with the League.

Suggestions for the program, possible speakers, and timely subjects, will be welcomed.

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**Governmental Research Organizations in Chicago.**—The Public Administration Clearing House, 850 East 58 Street, Chicago, has recently published a booklet describing the six national organizations of governmental officials and several other agencies interested in coöperating with public officials in the discovery and application of accepted principles of management and public administration, which have during the past three years established headquarters adjacent to the University of Chicago. A copy will be sent to any reader of the REVIEW upon request.

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**Atlantic City Survey Commission.**—The new director of the Commission, Clifford W. Ham, is serving as the secretary of the Advisory Finance Committee appointed by the mayor and city commissioners of Atlantic City to study the municipal debt situation and to formulate a debt refunding program. This program will be based on the following principles: (1) In view of the economic situation, cash collections for some time will not be sufficient to operate the city and pay debt service. An adjustment of these items must be made and tax receipts apportioned;

(2) The security for a municipal debt is dependent upon the ability of a city to perform the essential functions of government. These include public schools, and the protection of public health, life, and property; (3) Repudiation or renunciation of the city's obligations will not be considered; (4) The bondholders will be asked to accept a percentage of the estimated cash collections on account of the interest. The balance of the interest will be evidenced by certificates payable when the city collects the taxes; and (5) The bondholders will also be asked to extend the due dates on bonds.

The 1933 budget is \$2,721,619, which is \$2,090,393 less than the 1929 budget.

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**Brookings Institution.**—A survey of the state government of Iowa made at the request of the governor has been completed and proposals for reorganization prepared for submission to the special session of the legislature called for August.

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**Buffalo Municipal Research Bureau.**—The survey of Erie County government made by the Bureau in 1932 disclosed the fact that while the abolition of township government must await a constitutional amendment, many reforms may be accomplished simply by statute. The Bureau is now advocating that steps be taken immediately to provide for a county executive, reduce the number of county supervisors, reclassify elective and appointive officials, separate legislative from administrative functions, fix authority and responsibility, revise tax laws, adopt efficient budget and accounting procedure, standardize salaries and wages, consolidate welfare agen-

cies, and reallocate certain functions of the county and the townships.

A survey of the pension systems of the Buffalo police and fire departments has been completed. A very considerable increase in the cost of the system to the city is forecast as inevitable if the present system is continued. The analysis of the system was made by the use of averages and trends; but it is believed that an actuarial survey based on statistics of each member of the force and each pensioner would reveal substantially the same facts.

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**Bureau of Efficiency of Los Angeles County.**—Early this year the County Board of Supervisors set up a committee on governmental efficiency. An appropriation was made for the work of this committee and office space and technical and clerical assistance provided by the Bureau of Efficiency. This committee is composed of representatives of all cities and all major civic and commercial organizations within the county. The technical committee of this larger group is composed of H. F. Scoville, director of the County Bureau; A. E. Stockburger, city manager of Alhambra; L. D. Gifford, research engineer for the California Taxpayers Association; and Gordon Whitnall, the technician employed by the committee with the title, coördinator.

The committee's task is to discover practical means of performing the necessary government functions within the whole county area as simply and economically as possible. Over 350 governmental agencies now operate in this area and it is safe to conclude that much simplification and consolidation would be economically desirable.

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**Bureau of Public Administration, League of Virginia Municipalities.**—A report on economy in police administration has been made by James E. Gates and W. M. Ballard, staff members, and Rowland Egger, director of the Bureau of Public Administration. Extension of motor patrol and telephonic communication, adjustment of day and night forces to crime conditions, replanning of police assignments, a central records bureau, abolition of special details, a state-wide teletype system and regional radio stations, and merit examinations for police appointments are a few of the recommendations made after a com-

prehensive survey of existing conditions and practices in Virginia police departments.

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**California Taxpayers Association.**—A survey of the government of Alameda County has been completed. This survey covered all of the various county offices and departments, the schools, courts and institutions, and the personnel administration. The report has been submitted to the County Board of Supervisors.

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**Citizens' Advisory Finance Committee of Newark.**—A study of cleaning costs of Newark's public buildings has been completed by the Committee's staff. The city's janitorial force cleans an average of only 2,465 square feet per employee, as compared with the janitorial forces of five private buildings studied which cleaned from 7,510 to 14,639 square feet per employee. The city also pays considerably higher salaries for this type of work than does private management. Through the combination of these two factors the annual cost for cleaning and watchmen's salaries alone amounts to 75.6 cents per square foot. In the public schools, the comparable figure varies from 7 to 13 cents, and in privately managed buildings, from 8 to 17 cents. The Finance Committee is offering to work with the officials in the Public Buildings Department in reorganizing the city's janitorial and cleaning services.

A report outlining desirable changes in the present budget procedure of the city has been prepared and submitted to the city commissioners. The adoption of the appropriation ordinance after the first of the year, the use of this ordinance which is made up of lump-sum appropriations, as a budget, the inadequate provisions for review of estimates by the city commission as a whole, and the lack of a central budget authority are criticized. As a first step toward an improved set-up the Committee recommends that a central budget bureau be created.

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**Citizens' Bureau of Milwaukee.**—The Bureau has recently taken part in three law suits to remedy the situation relating to (1) the under-representation of Milwaukee County in state legislature; (2) the retention of county taxes by the sixteen cities, villages, and towns other than Milwaukee within Milwaukee County for local expenditures, thereby

forcing the city of Milwaukee to make good (by additional taxes) the suburbs' delinquent county taxes; and (3) the use by the city of bond funds to finance current expenses.

The effort to have the 1931 apportionment act declared unconstitutional because Milwaukee County, with 25 per cent of the state's population, has but 20 out of 100 assemblymen and but 7 of the 33 senators, is not represented in proportion to population, was unsuccessful. The Supreme Court ruled against the city by a vote of four to three. The Bureau helped to compile the brief in this case.

The suburban towns of the county are following the practice of turning over to the county treasurer their delinquent tax rolls in lieu of the cash due the county. Milwaukee, on the other hand, turns over to the county treasurer the county's share of each tax bill paid. As it is necessary for the county to levy additional taxes pending the collection of the delinquent taxes, property within the city of Milwaukee is called upon to contribute an unfairly large proportion of these additional levies. However, the courts have held that the procedure of the suburbs is in accordance with the statutes. The Bureau will, therefore, make an effort to have the statutes changed.

The city administration has been, to some extent, cushioned against the depression by having available bond funds which could be used for operating expenses. The court held that the proceeds from future bond sales should be physically separated and that action could be held to compel this separation. It did not hold, however, that the city should replace past bond funds used for operating purposes which are now mere book entries. The case has been appealed to the Supreme Court.

In the last two cases the Bureau has taken part as a constituent member of the Taxpayers' Advisory Council.

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**Citizens' Research Institute of Canada.**—The widespread interest in public expenditures has resulted in the formation of associations of taxpayers throughout the Dominion and in the establishment of three new local agencies for governmental research. The requests for information and special services have taxed the resources of the Institute. In March, a financial survey of Mimico, Ontario,

was completed. During October and November, the director conducted, at the request of the municipal council, an administrative and financial survey of Burnaby, British Columbia. In November and December, the assistant director coöperated with several of the boards of supervisors of municipalities in the border cities district in the setting up of 1933 budgets. Early in the present year the Institute began the preparation of material for the metropolitan area committee of the county of York.

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**Dayton Research Association.**—A study of delinquent taxes begun in 1929 has just been completed. As the methods used in this study may be of particular interest to researchers they will be outlined in some detail. A card file of all delinquent properties was the most useful device developed. The study commenced with the 1923 duplicate and was carried forward to the 1929 duplicate and backward to the origin of the delinquency. Before the study could be started for each succeeding year the records were examined for delinquent taxes paid since the previous year. The card index has now been completed through the collection year of 1930, and contains 24,000 cards representing 30,000 parcels of property. A table has been prepared to show, by years in which they were levied, taxes which were delinquent in 1929, a total of \$976,000 plus penalties. Another table shows a similar analysis of special assessment delinquencies in 1929, a total of \$135,800. Special assessment levies delinquent at the end of the year increased from 12½ per cent of the amount charged in 1925 to 61 per cent in 1932. General property tax delinquencies increased from 4 per cent of the duplicate in 1924 to 42 per cent in 1931.

The recommendations of the Association for improving the situation include installment payment of taxes, changes in the assessment of penalties, personal solicitation of those owing large bills, and other measures including those which have been formulated in detail by the Municipal Finance Officers' Association. (See "How Cities Collect Delinquent Taxes.")

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**Des Moines Bureau of Municipal Research.**—The Bureau has coöperated closely with a legislative committee on tax reduction which organized local groups throughout the

state and formulated a legislative program. Forty-four of the seventy-four measures presented by this committee were passed in the 1933 session of the legislature. The Bureau assisted in originating, drafting, and checking these bills, in the publicity campaign carried on before the session began, and handled the statistical work during the session.

The chief economy bills enacted and the estimated annual savings for the entire state are as follows:

(1) A 36 per cent cut in city, county, and school operating levies for 1933 and 1934, under the operating levies for 1930. Numerous exemptions and grounds for appeal to the state budget director for further exemptions from reductions ordered by this bill are provided. It is estimated that this bill will reduce governmental expenditures in Iowa by about \$10,000,000 each year that it is in effect; (2) Repeal of the mandatory road levy laws making these levies optional. It is estimated that local units will take advantage of this law to reduce road levies by \$5,000,000; (3) Amendment of the teachers' minimum wage law to reduce \$50 and upwards minimum salaries, to \$40 monthly. This will cut educational expenditures by \$1,000,000; (4) Reduction of mandatory county, city, and state salaries will reduce expenditures about \$500,000; (5) Reduction of the mileage allowance for public officials to five cents per mile, will mean a saving of \$200,000; (6) Elimination of the state census in 1935; (7) Provision for the assessment of real estate every four years instead of every two years as at present; (8) Provision that tax rates shall be applied to the full value of real estate. At present every assessed value was divided by four to determine value for tax levying purposes. Approximately \$50,000 will be saved by eliminating this unnecessary step in the tax collection process; (9) Elimination of one set of assessment books in all counties. Estimated saving \$50,000; (10) Continuation of the drivers' licenses which expire this year, for two more years. This will save \$7,500; and (11) Abolition of the outside audit of state institutions. This will save \$37,000.

Other economy measures adopted, the savings from which cannot be accurately estimated, give the state printer specific authority to condense state reports; require publicly-owned cars to be labeled, and make it a

misdemeanor to use public cars for private purposes; forbid public officers collecting witness fees; reduce legal publication expense, and eliminate certain mandatory courses in schools. A special session of the legislature will meet in August to consider the report the Brookings Institution which will submit covering its survey of state and local government. Additional economy measures are expected to result from this session.

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**Griffenhagen and Associates.**—The report of the joint legislative committee on organization and economy of the state of Texas, which was prepared with the assistance of the Griffenhagen firm has been presented. The proposed plan of reorganization provides for nineteen administrative departments and agencies under the governor as the chief executive in lieu of the 131, more or less separate and uncoordinated, existing units of organization. Each department is to be headed by a single managing executive to be appointed on the basis of qualifications. It is provided that in each department in which important policy-forming or quasi-judicial or quasi-legislative functions must be dealt with, a board or commission will be set up composed of members appointed for overlapping terms.

One of the most serious shortcomings of the existing state set-up is the lack of a central fiscal agency. This is to be remedied by the creation of a department of finance and administrative service which will be the budgeting, purchasing, accounting, personnel, and general service agency for all other departments. In addition to this department, which will serve as an integrating and coördinating agency, it is proposed that the governor be provided with an executive cabinet and permanent cabinet secretariat. The cabinet would be composed of the executive heads of the various departments. The executive secretary of the cabinet would be appointed by the governor on the basis of qualifications, particularly his training and experience in the executive management of substantial business or public enterprises. He would have an indefinite tenure, but could be removed for cause by the governor. His office would be considered of rank equivalent to that of the head of a major department. It is proposed

that an effort should be made to establish the tradition that this office is a continuing one. In effect, the executive secretary would be a "state manager."

As might be expected a number of constitutional amendments will be necessary to put all of the recommendations of the report into effect. However, most of the important recommendations involve only statutory changes.

A survey of the state government of Wyoming is under way. Howard Ferguson of the firm's staff has been assigned to this survey and is now in Cheyenne.

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#### **Hamilton County Taxpayers Association.**

—The Association was formed in August, 1932, as the successor to the bureau of governmental research of the Chattanooga Chamber of Commerce. In the past year this agency conducted negotiations with city and county officials which resulted in the merger of the two hospital boards. The reorganization of the city's pension system and the correction of certain unsound practices in the administration of the sinking funds were recommended. A survey of assessing methods was made and the tax assessor's request for an appropriation to install an up-to-date system was supported although the county court refused this request. The Association is sponsoring and actively supporting bills and ordinances which, if enacted, will provide for centralized purchasing, the adoption of a modern auditing and accounting system, and a commissioner of highways, a single administrative head appointed by the county court (with which position is merged the office of county engineer) for the present county highway commission of three citizens.

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#### **Kansas City Civic Research Institute.**

An analysis of the cost of operating the fire department and the losses from fire has revealed some significant facts. Since 1921, fire losses have been reduced from \$6.78 to \$2.71 (in 1931) per capita. In 1932 the per capita loss was \$4.06. This is accounted for almost entirely from an increase in fires due to arson, explosions or of suspicious origin, which caused losses of \$52,000 in 1931, and \$712,000 in 1932.

The cost of operating the department has increased but little, and expenditures for 1932

will be but slightly if any larger than in 1922. The reduction in losses for the past six years over the preceding six is more than sufficient to pay the entire cost of operating the department for those years. The Institute points to three needed improvements in the operation of the department: the introduction and adherence to the merit system in selection and promotion, an adequate fire prevention division, and a sound pension system, fair both to employees and the city.

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**Los Angeles Bureau of Municipal Research.**—A study of population trends in Los Angeles and in the nation as a whole has been completed by W. C. Yeatman and Allen Jones, and published by the Bureau. The report summarizes the studies of some of the country's leading statisticians which point towards a stationary or a declining population, and reveal that except for short boom periods there is a clearly established tendency for American cities to grow in corresponding ratio to the nation. Some special factors which may retard the growth of Los Angeles are pointed out. These include a birth rate lower than the other sections of the country; the slowing up of westward migration and increase in eastward migration; and the unstable age distribution (a great deficiency in the numbers under twenty years of age). James Stevenson, director of the Los Angeles Bureau, concludes from this report that "there is no probable need-justification for expanding public service facilities in Los Angeles and vicinity to take care of greater population. Before present capacities are fully utilized the effects of the general population decline will have made expansion unnecessary."

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#### **Rochester Bureau of Municipal Research.**

—A report on the procedure followed by the commissioner of elections in preparing the voting machines and handling the other details necessary to safeguard the count, has been made by Hazen Pratt of the Bureau's staff. The method of selecting election inspectors was also investigated and recommendations for additional safeguards made. One interesting suggestion is that election inspectors be appointed after competitive examination of the State Civil Service Commission.



## NOTES AND EVENTS

**Public Administration Service Established.**—A new coöperative consulting and research agency for cities, counties, states, and other governmental units has been organized under the name of Public Administration Service, with headquarters at 850 East 58 Street, Chicago. Its consulting work for public officials in the interest of constructive economy in government will be done on a non-profit basis.

The governing board of the Service, which will determine its policies, consists of the executive directors and secretaries of nine national agencies, all but one of which have their headquarters in Chicago: Public Administration Clearing House, American Legislators' Association, American Municipal Association, American Public Welfare Association, Governmental Research Association, International City Managers' Association, Municipal Finance Officers' Association, United States Conference of Mayors, and National Municipal League (of New York).

The Service is to be a continuation and expansion of the work heretofore carried on by the Research Committee of the International City Managers' Association. On behalf of the Committee on Uniform Street and Sanitation Records, representing the International Association of Public Works Officials and ten other national agencies, the same staff has already installed records and accounting systems and budgeting procedure for public works in over twenty cities, and has guided more than a hundred cities in adopting the Committee's standard practices, with substantial savings and improvements as results. Donald C. Stone and Gustave A. Moe, who have directed this work, will be director and chief accountant of the Consulting and Research Division of Public Administration Service.

In its expanded form, the Service will be

prepared to install budgets, general accounting systems, tax billing, cost accounting, special assessment records and procedure, public utility accounting and billing, public works records, police records, welfare records and cost accounting systems, hospital financial and cost systems, centralized purchasing, and personnel studies and systems. It will plan the reorganization of an entire governmental structure or of a single department or office. It will have at its disposal not only its staff experts, but the experienced members of the staffs of its constituent organizations; and when appropriate it will call in specialists of national reputation.

The basic policy of the Service is to work only at the invitation of public officers and in friendly collaboration with them. Civic groups may bring the Service to the attention of the operating officials, and may on occasion find it desirable to finance the cost of a model installation; but by the very nature of its work, the Service can function only as an aid to the public administrator.

The staff of the Service will continue the work of the Committee on Uniform Street and Sanitation Records, the National Committee on Street Maintenance Economics (upon which the American Society of Municipal Engineers is also represented) and of other committees working for improved governmental operations. The research programs of these committees engaged in formulating advanced and model practices and procedures will enable the consulting service to have at its disposal the very latest developments in the field.

The Service will also take over the publication of the monographs on problems of government and administration formerly issued under the name of Municipal Administration Service. Charles S. Ascher is the director of publications.

**Manager Form Proposed for Roanoke County, Virginia.**—A movement is under way in Roanoke County, Virginia, to obtain the county manager form of government. Albemarle County, Virginia, is one of the pioneers in establishing this form, and has furnished an example and guide for Roanoke. A petition is being circulated in the latter county, asking for the circuit judge to set a date for a referendum on the county manager form. Professor Julius F. Prufer of the department of political science, Roanoke College, Salem, Virginia, is active in the movement and has given radio and other talks, led discussions, and furnished a series of newspaper articles. The Roanoke newspapers are supporting the activity.

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**Defeated City-County Merger in Georgia Receives Encouraging Vote.**—The proposal to merge the city of Macon, Georgia, and Bibb County was defeated on June 7 by a comparatively small majority in both the city and county. Victory in both would have been necessary to carry it. Considering the strenuous and bitter campaign waged by the office-holders, both of the city and the county, whose jobs would have been abolished had the merger been approved, the vote in favor of the proposal was quite gratifying.

The campaign developed no substantial objections to the merger act. Its sponsors were gratified that it withstood microscopic examination and criticism.

Appeals to prejudice, questioning of motives, and every variety of attack on its sponsors, coupled with the indifference of a large class of voters, and the suspicion and distrust of every new movement, especially in old conservative Macon, are responsible for the defeat of what its friends regard as the most forward step in local government which has been proposed in Georgia.

ORVILLE A. PARK.

Macon, Georgia

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**Barter in Milwaukee.**—Realizing that the burden of taxpayers of Milwaukee in supporting the unemployed was growing faster than their ability to pay, Mayor Daniel W. Hoan selected a committee of advisors to find a means of putting people to work through barter exchanges. They studied the various existing plans and evolved one for Milwaukee.

The mayor selected five men to whom he

gave the responsibility of organizing, without municipal recognition, a corporation, non-political, non-sectarian, and non-profit making. The plan placed organization ahead of operation so, when work started, it would be on sure ground. The only criticism of the new organization, known as Commodity Exchange, Inc., has been that it has moved slowly.

Joseph C. Brauer, head of an accounting organization, is the president, the others heading the organization being a merchant, a civil engineer, a labor union president, and an industrial engineer. Four divisions, accounting, sales contact, personnel, and expansion were established. From among the applicants for positions, crews visited the retailers and wholesalers to get them to accept scrip. These men built up a list of 283 acceptors in 84 commodity lines.

For each transaction on which scrip is to be issued, there must be a delivery of a commodity of sufficient value to balance the scrip, to allow for a part of the overhead, and to help in the construction of a surplus. An expiration date on the scrip allows control of the amount in circulation and helps in other ways.

It cost the taxpayers \$800,000 to \$900,000 a month to keep the unemployed of the county in idleness. Commodity Exchange, Inc., by putting people to work at needed jobs for which the employers have no money but only commodities with which to pay, reduces the amount of county aid, and it is expected that with the growth of the surplus, substantial donations to the county's relief work will be made.

Plans are being developed to extend the benefits of the enterprise into other counties. Branch organization took in the formation of crews for canvassing for work. Hundreds of small jobs were found. By May 1 this exchange, incorporated in February, had put more than 500 men at work and had opportunity for many thousand more.

The issuance of scrip grew. The lists of acceptors changed and retail stores had to be opened to provide places for steady acceptance. Commodity Exchange put in its own abattoir, grocery, meat market, haberdashery, and men's and women's apparel stores. Shoes are the next objective, and factories for the manufacture of certain garments thereafter.

WILLIAM S. BROKER.

Milwaukee, Wis.

**A County Manager Law in Nebraska.**—The forty-ninth legislature of Nebraska, which adjourned early in May, enacted a statute providing for the county manager form of government in that state. The question of adopting the manager plan must be submitted to the electorate if a petition signed by 10 per cent of the voters is filed with the county board, or it may be placed on the ballot by a resolution of the board. If adopted by 51 per cent of those voting for governor at the last election the plan shall go into effect the following January. The act provides that the policy-determining body of the county shall consist of a board of five members, paid five dollars for each day's attendance at sessions. The board shall appoint a county manager, who need not be a resident of the county, and fix his compensation, and is forbidden on penalty of forfeiture of office from taking part in the appointment or removal of any officer or employee in the administrative service. As the administrative head the manager shall supervise the collection and disposal of all revenue, secure proper accounting of all funds, look after the physical property of the county, exercise general supervision over all county institutions and agencies, and, with the approval of the county board, coördinate various activities and unify management. There shall be at least three departments: finance, public works, and public welfare.

The directors of these shall be appointed by the manager, who may himself head any one of them. The director of finance is to act as purchasing agent, and no equipment or supplies shall be delivered to any office or department except upon requisition.

Any county which shall have operated four years under the plan may abandon it under the same conditions required for its adoption.

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**Legislation for Missouri Counties.**—

The General Assembly of Missouri recently enacted several laws affecting county government. The most important ones confer upon the state auditor supervisory authority concerning county records. He must audit each office, without expense to the county, at least once during each term, except in two counties having county auditors.

He must formulate a system of bookkeeping which will be uniform for similar offices and accounts. He must devise for publication a uniform county financial statement for the calendar year. Heretofore official records, financial statements, and fiscal years have varied from county to county, making reliable comparisons impossible.

Unfortunately the auditor's field force is limited to ten examiners. These can make a beginning but cannot possibly install uniform records in all state and county offices and institutions by 1935, as stipulated.

The county budget law is second in importance. It divides the counties into two classes, making 50,000 population the dividing line. Its provisions differ greatly in the classification of proposed expenditures. In the five larger counties the budget officer classifies expenditures, making the budget flexible. In the 109 smaller counties, proposed expenditures must be distributed among six specified classes, these classes having priority in the order specified regarding payment of claims. This rigid budget is designed to compel economy and prevent borrowing through issuing warrants that must be protested for lack of funds. Such borrowing has ruined the credit of numerous counties.

A bill requiring centralized purchasing passed the House but died on the Senate calendar.

Hereafter, delinquent taxes on real estate will be collected by selling tax liens instead of by personal suits. The interests on delinquent taxes was reduced from 12 to 10 per cent per annum; the penalty from 4 to 2 per cent. But temporarily both are suspended, unless this provision be held invalid in a case now pending in the Supreme Court. The office of tax attorney was abolished, and his remaining duties conferred upon the prosecuting attorney.

Three different consolidations of county offices were made. The collector was made ex officio treasurer in counties having less than 90,000 inhabitants; the circuit clerk ex officio recorder in counties having less than 20,000. (The latter were already combined in thirty-seven counties.) The county superintendent was made school attendance officer, except in St. Louis County. The officers will receive no additional compensation for the new duties. A modified manager bill for Jackson County died in committee.

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**Los Angeles Primary and Election.**—June 6 was election day in Los Angeles, following a primary election on May 2 which, as frequently happens in Western cities, was practically as important a political event as the election proper. The primary served to narrow the field in the selection of a mayor, fifteen councilmen, a city attorney, a city controller, four members of the board of education, and twelve municipal judges, and was also marked by the repeal of a municipal liquor control ordinance and the adoption of a city charter amendment. The main issues were the attitude of candidates for mayor and council toward the municipal department of water and power; unemployment relief; and clean government. Candidates for mayor were reduced from ten to two; for council from eighty-one to twenty-two (four receiving majority votes in their districts, thus being elected); for board of education, from fifty-eight to eight; for judges, from thirty-one to two (eleven being elected at the primary). The total vote cast at the primary was 53 per cent of the registration, and at the election, 54 per cent.

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**Detroit's Refunding—and Its Cost.**—Under the refunding agreement arranged between Detroit and its principal creditors, subject to proposed legislation, the tax-supported debt, maturing between 1933 and 1943—\$259,000,000—will be refunded into twenty and thirty year bonds maturing in 1953 and 1963. No principal will be paid for two years. Thereafter the principal will be retired gradually. The difference between 3 per cent interest for the next two years and the average rate of 4.5 per cent, as well as interest now in default, will be funded at  $3\frac{1}{4}$  per cent.

Thus by refunding, a peak load for debt of about \$30,000,000 a year during the next five years is swapped for a much lighter burden during the next ten years. By this trade, however, a cost of \$19,000,000 a year until 1963 must be assumed when the holiday is over, whereas without refunding the cost would scale down rapidly. The cost of retiring the \$259,000,000 in principal and interest payments, would be about \$345,000,000 if refunding were unnecessary. Under the refunding plan the same cost will be about

\$469,000,000, a difference of \$124,000,000. This is equal to present tax operating expenses of the city for three years. In short, it is the most costly single enterprise which the city has ever contemplated.

It will be of concern to present taxpayers, as well as those of future years, that this additional cost of refunding be kept at a minimum, for the city must in the future replace many existing public improvements as yet not paid for and probably provide many new improvements.

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**Federal Government to Aid Construction of Municipal Public Works.**—The Industrial Recovery Act recently passed by Congress and signed by President Roosevelt includes important provisions for the assistance of states, counties, and municipalities with regard to the construction of public works. Out of a total of \$3,300,000,000 provided for public works, \$400,000,000 is in the form of outright grants to state highway departments for emergency construction on the federal aid highway system and extensions thereof into and through municipalities, and for secondary or feeder roads. Some \$2,000,000,000 is expected to be available to states, counties, and municipalities for other public works under those jurisdictions, the federal government being authorized to construct, finance, or aid in the construction or financing of public works mentioned in the Act. Thirty per cent of the cost of labor and materials may be an outright grant; and the President is empowered to extend the benefits of the Act to any state, county, or municipality "notwithstanding any constitutional or legal restriction or limitation on the right or power of such state, county, or municipality to borrow money or incur indebtedness."

An administrator is to be appointed for each state, with a technical staff and a local advisory board. He will pass on applications for the assistance described; those approved will be submitted to the central administration at Washington, where they will be considered from these points of view: general policy, soundness from an engineering and technical standpoint, legal feasibility, financial set-up, economic desirability, i.e., relation to unemployment, and the revival of industry, and from the standpoint of coördinated planning, taking into account the social desirability of the project and its relation to other projected works.